# Employees' Retirement System of Georgia

## Comprehensive Annual Financial Report

*Fiscal year ended June 30, 2010*

ERSGA
Employees' Retirement System of Georgia
*Serving those who serve Georgia*

**A component unit of the State of Georgia**

## Our Mission

Our mission is to be guardian of the retirement plans on behalf of the State of Georgia for the ultimate benefit of the members, retirees and beneficiaries.

Our vision is to use our passion for excellence to become the “Best Managed” retirement system in the country, utilizing state-of-the-art technology, and knowledgeable, customer-focused staff to best serve customers and to protect the retirement system for all of our current and future members.

## Our Values

Our Core Values are:

*Quality execution*
*Accurate results*
*Continuous improvement*
*Knowledgeable and customer focused staff*
*Sound and secure investment of funds*

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# Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2010

Pamela L. Pharris
Executive Director

ERSGA
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# Introductory Section

ERSGA

Employees' Retirement System of Georgia

*Serving those who serve Georgia*

# Boards of Trustees

Employees' Retirement System, Georgia Defined Contribution Plan, Legislative Retirement System, and Georgia Military Pension Fund.


Russell W. Hinton
Chair


Harold Reheis
Vice-Chair


Dan Ebersole


Steve Stevenson


Michael D. Kennedy


Frank F. Thach, Jr.


Ned J. Winsor

Public School Employees Retirement System*


Samuel B. Kellett


J. Sammons Pearson

State Employees Assurance Department**


Michael Thurmond


H. Phillip Bell

Georgia Judicial Retirement System*


Daniel J. Craig

William D. Ray


Karlton Van Banke

*The PSERS and GJRS boards are comprised of the members of the ERS board and additional members shown under each plan.

**SEAD — ERS Board Members Russell Hinton, Dan Ebersole, and Steve Stevenson serve in addition to the two members show above.

ERSGA
Employees' Retirement System of Georgia
Serving those who serve Georgia

Two Northside 75
Atlanta, GA 30318

# Letter of Transmittal

December 30, 2010

I am pleased to present the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010 of all plans administered by Employees' Retirement System of Georgia (the System). The management for the System is responsible for the accuracy, completeness and fairness of the presentation including all disclosures. It is to the best of our knowledge and belief that the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the System.

## Profile of the System

Employees' Retirement System was established to provide benefits for all State employees in 1949. Plans administered by the System include the Employees' Retirement System (ERS), the Legislative Retirement System (LRS) established in 1979, the Public School Employees Retirement System (PSERS) established in 1969, the Georgia Defined Contribution Plan (GDCP) established in 1992, the Georgia Judicial Retirement System (GJRS) established in 1998, and the Georgia Military Pension Fund (GMPF) established in 2002. In addition, the Board of Trustees is responsible for a group term life insurance plan (SEAD), the 457 Plan established in 1974, and the 401(k) Plan which began in 1994. A summary of each plan can be found on pages 23 through 31 of this report. The assets of all plans are pooled together into one fund except for the three defined contribution plans which are maintained individually.

The ERS, LRS, GDCP, GMPF, 401(k) and 457 plans are administered by a 7 member Board made up of 3 ex-officio members, 1 Governor appointed member, and 3 Board appointed members. PSERS has the same Board as ERS with 2 additional Governor appointed members. GJRS has the same Board as ERS with 3 additional Governor appointed members.

As of June 30, 2010, the System's defined benefit plans and GDCP served a total of 125,742 active members and 53,469 retirees/beneficiaries from 914 employers around the state. There were 29,324 participants in the 401(k) plan with a total account balance of $355 million. The 457 plan had 14,446 participants with a balance of $503 million. There are 738 participating employers from around the state in the 457 and 401(k) plans.

## Legislation

In the 2010 Session, ERS sponsored legislation to assist in maintaining the security and soundness of all the plans we administer, while striving to protect the members, retirees and beneficiaries in these plans. Acts 450, 455 and 457 moved us in the direction of our goal.

Act 450 revised language relating to the handling of medical examinations for persons that are receiving disability benefits under age 60 by removing the ability for the medical examinations to be conducted at the retiree's place of residence. Additionally, the bill provides that earnable compensation in the calculation of earnings limitation includes workers' compensation income. This prevents a member who retires on disability due to workers' compensation from making more money in disability retirement than as an active employee. Workers' compensation benefits plus pension disability cannot exceed the last working salary. The definition of independent contractor rules for rehired retirees was included in statute by Act 455. This Act also requires employers to report to ERS when they rehire a retiree.

We presented legislation to keep our plans in compliance with Federal law which was signed into law as Act 457. It is anticipated that similar legislation will be presented each year to maintain our Federal compliance.

## Summary of Financial Information

Please refer to the Management's Discussion and Analysis starting on page 11 of this report for an overview of the financial status of the System, including a summary of the System Net Assets, Changes in Net Assets, and Asset Allocations.

In FY2010, the pooled fund generated a return of 10.99% a marked improvement from the prior two year's market decline. The fund continues to invest in a mix of high quality bonds and stocks which allows the System to participate in rising markets while controlling the downside risks. This has proven to be a successful strategy for other markets and for our System. For further information on investments of the pooled fund, please refer to pages 46 through 50 of this report.

The objective of ERS pension trust funds is to meet long-term benefit promises through contributions that remain approximately level as a percent of member payroll over time while maintaining an actuarially sound system. Historical information relating to the progress in meeting this objective is presented on page 39. The latest actuarial valuations conducted as of June 30, 2009 show the funded ratio of most systems decreasing except for the two smaller funds LRS and GMPF. The decrease is primarily due to unfavorable investment experience. The following table shows the change in funding percentage for each of the pension systems:

| | FY2008 | FY2009 |
|---|---|---|
| ERS | 89.4% | 85.7% |
| PSERS | 102.7% | 93.5% |
| LRS | 125.6% | 128.8% |
| GJRS | 116.7% | 112.4% |
| GMPF | 27.6% | 30.5% |

In 2010, the actuary will conduct a five year experience study on all systems. Further information regarding the funding condition of the pension plans can be found in the Actuarial Section of this report.

## Initiatives

Our focus continues to be on several keys areas: Enhanced Customer Service, Succession Planning/Growth and Technology Enhancements/Business Continuity.

**Customer Service**
ERS continues to move in the direction of increased resources for our members whether that be online activities, additional/new educational classes or timely pushed communications Our current focus for online tools is around the refund application and retirement processes. With these processes online, it will allow for quicker processing for all members. The administration of our defined contribution plans is moving to the GaBreeze system which already allows our members to manage their flexible benefits.

Earlier this year, the website was upgraded to include an online version of our Workshop for Retirement Application Processing (WRAP). This provides members another opportunity to gather information about the retirement process versus traveling to a meeting. These online workshops will be expanded to include similar courses for all of our systems and additional educational pieces for active members. For some of the plans, communication has always been via mail or the call center. A focus will be placed on developing educational meetings with these members at locations throughout the state as we do for ERS members.

**Succession Planning**
Succession and Growth Development strategies were developed this year in our Member Services division. In order to push forward with these strategies, pension classes were developed by our most experienced employees to be utilized in cross-training of all employees in this division. In addition, a knowledgebase has been created as a way to capture our institutional knowledge and is accessible by all employees in the agency. This allows us to expand on the experience our current employees possess and move them forward in higher roles.

**Technology Enhancements and Business Continuity**
ERS has taken on significant technology challenges this year and successfully completed several high visibility initiatives. In our development area, we established a process by which our rehired retirees are tracked in the system, created files for use by GaBreeze to include in the total compensation statements for active members, and implemented SharePoint. In our operations area, the vast amount of time spent this year has been on upgrading and improving our network infrastructure, as well as ensuring operational resiliency with the build-out of our disaster recovery facility. In the upcoming year, our telephone system will be upgraded to allow for all of our systems to work together in supporting our members.

## Acknowlegements

This report reflects the combined effort of our staff under the Board's leadership. Copies of this report, along with other valuable plan information, can be downloaded from the System's website.

I would like to express my sincere thanks to the Boards of Trustees for their leadership and support. Many thanks are also extended to the offices of the Governor, Lieutenant Governor, members of the House and Senate Retirement Committees and their staff, members of the House and Senate, and the department officials whose support and assistance have helped ERS accomplish its mission over the years.

Respectfully submitted,

Pamela L. Pharris

Pamela L. Pharris, Executive Director
Employees' Retirement System of Georgia

# Administrative Staff and Organization

Pamela L. Pharris
Executive Director

Jim Potvin
Deputy Director

Charles W. Cary, Jr.
CIO - Investment Services

Gregory J. Rooks
Controller

Chris Hackett
Director
Information Technology

Nicole Paisant
Director
Human Resources

Susan Anderson
Director
Member Services

Carlton Lenoir
Director
Financial Management

Megan Schaum
Director
Peach State Reserves

## Consulting Services

Cavanaugh Macdonald Consulting, LLC - Actuary
KPMG LLP - Auditor
State Street Bank and Trust Company - Defined Contribution Custodian
AON Hewitt - Defined Contribution Consultant
ING LLC - Defined Contribution Administrator

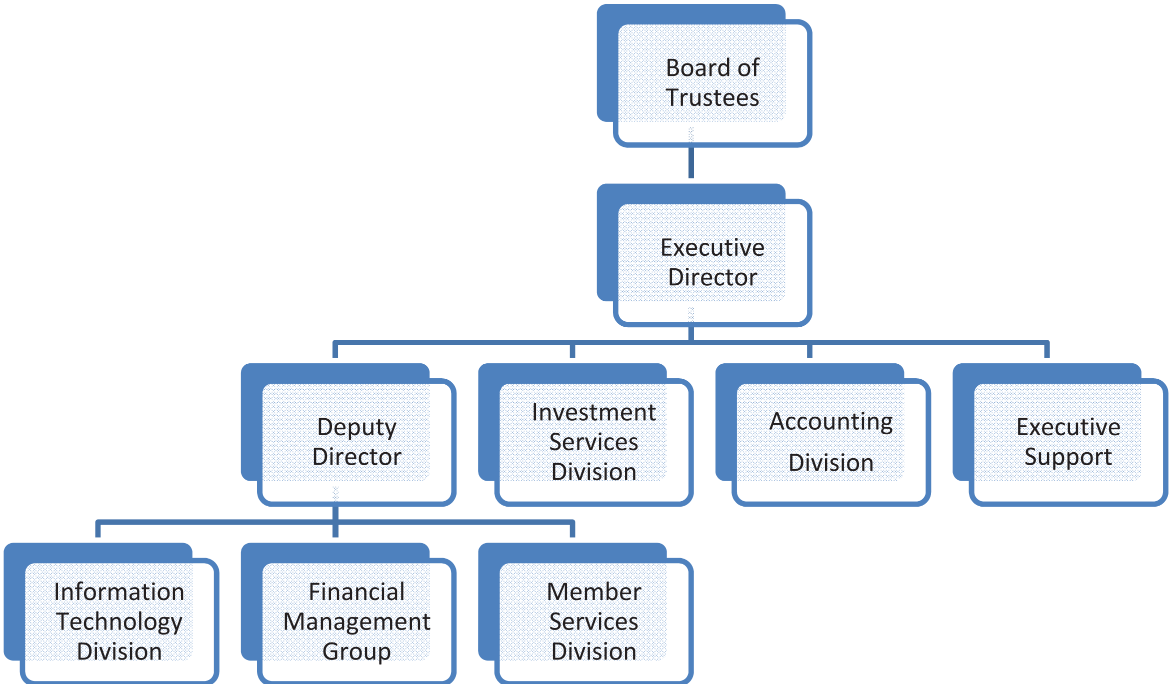
## Medical Advisors

Harold E. Sours, M.D., Atlanta GA
Benjamin B. Okel, M.D., Decatur, GA
Ira H. Slade, M.D., Griffin, GA
Douglas Smith, M.D., Smyrna, GA
Richard Tyler, M.D., Atlanta, GA
William H. Biggers, M.D., Atlanta, GA
Jeffrey T. Nugent, M.D., Atlanta, GA
Pedro F. Garcia, M.D., Atlanta, GA
Shel Sharpe, M.D., Rome, GA

## Investment Advisors

Albritton Capital Management
Mondrian Investment Partners Limited
Philadelphia International Advisors
Cramer Rosenthal McGlynn
Munder Capital Management
Barrow, Hanley, Mewhinney & Strauss
Cooke & Bieler
PENN Capital Management
Montag & Caldwell, Inc.
RidgeWorth Capital Management
Sands Capital Management
Fisher Investments
Mesirow Financial Investment Management

# Organizational Chart



# Financial Section

ERSGA
Employees' Retirement System of Georgia
*Serving those who serve Georgia*

KPMG LLP
Suite 2000
303 Peachtree Street, NE
Atlanta, GA 30308-3210

# Independent Auditors' Report

The Board of Trustees
Employees' Retirement System of Georgia:

We have audited the accompanying financial statements of the Employees' Retirement System of Georgia (the System), a component unit of the State of Georgia, as of and for the year ended June 30, 2010 as listed in the table of contents. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the System's June 30, 2009 financial statements and, in our report dated September 30, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the System's net assets as of June 30, 2010 and the changes in net assets for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2010 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, the schedules of funding progress, and schedules of employer contributions on pages 11 through 16 and pages 39 through 40, respectively, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information, and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The introductory section, schedules of administrative expenses and investment expenses, investment, actuarial and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of administrative expenses and investment expenses have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material repects in relation to the basic financial statements taken as a whole. The introductory, investment, actuarial, and statistical sections have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

December 30, 2010

# Management's Discussion and Analysis (Unaudited)

*June 30, 2010*

This section provides a discussion and analysis of the financial performance of the Employees' Retirement System of Georgia (the System) for the year ended June 30, 2010. The discussion and analysis of the System's financial performance is within the context of the accompanying basic financial statements, notes to the financial statements, required supplementary schedules, and additional information following this section.

The System is responsible for administering a cost-sharing, multiple-employer defined benefit pension plan for various employer agencies of Georgia, along with eight other defined benefit pension plans and three defined contribution plans.

The defined benefit pension plans include:

- Employees' Retirement System (ERS)
- Public School Employees Retirement System (PSERS)
- Legislative Retirement System (LRS)
- Georgia Judicial Retirement System (GJRS)
- Georgia Military Pension Fund (GMPF)
- State Employees' Assurance Department Active Members Trust Fund (SEAD-Active)
- State Employees' Assurance Department Retired and Vested Inactive Members Trust Fund (SEAD-OPEB)
- Superior Court Judges Retirement Fund (SCJRF)
- District Attorneys Retirement Fund (DARF)

The defined contribution retirement plans include:

- Georgia Defined Contribution Plan (GDCP)
- 401(k) Deferred Compensation Plan (401(k))
- 457 Deferred Compensation Plan (457)

## *Financial Highlights*

The following highlights are discussed in more detail later in this analysis:

- The net assets of the System increased by $521 million, or 4.0%, from $13.2 billion at June 30, 2009 to $13.7 billion at June 30, 2010. The increase was primarily due to the increase in the bond and equities markets in 2010.

- For the year ended June 30, 2010, the total additions to net assets were an increase of $1.8 billion compared to a decrease of $1.7 billion for the year ended June 30, 2009. For the year ended June 30, 2010, the additions consisted of employer and member contributions totaling $410 million, insurance premiums of $7.6 million, net investment income of $1.4 billion, participant fees of $0.9 million, and other income of $0.3 million. For the year ended June 30, 2009, the additions consisted of employer and member contributions totaling $422 million, insurance premiums of $8.4 million, net investment loss of $2.1 billion, participant fees of $1.4 million, and other income of $0.9 million.

- Net investment income of $1.4 billion in 2010 (comprised of interest and dividend income, the change in fair value of investments, and other, reduced by investment expenses) represents a $3.5 billion increase, compared to the net investment loss of $2.1 billion for the year ended June 30, 2009. The net investment income is due primarily to the increase in the bond and equities markets in 2010.

- The total deductions were $1.3 billion and $1.3 billion for the years ended June 30, 2009 and 2010, respectively. For the year ended June 30, 2010, the deductions consisted of benefit payments of $1.3 billion, refunds of $18 million, death benefits of $28 million, and administrative expenses of $21 million. For the year ended June 30, 2009, the deductions consisted of benefit payments of $1.2 billion, refunds of $18 million, death benefits of $26 million, and administrative expenses of $21 million.

- Benefit payments paid to retirees and beneficiaries increased by $18.1 million, or 1.5% from $1.24 billion in 2009 to $1.26 billion in 2010. This increase was the result of increases in the number of retirees and beneficiaries receiving benefits across all plans.

# Management's Discussion and Analysis (Unaudited)

## *Overview of the Financial Statements*

The basic financial statements include (1) the combined statement of net assets and changes in net assets, (2) the combining statements of net assets and changes in net assets, and (3) notes to the financial statements. The System also includes in this report additional information to supplement the financial statements.

In addition, the System presents two types of required supplementary schedules, which provide historical trend information about the plans' funding. The two types of schedules include (1) a schedule of funding progress and (2) a schedule of employer contributions.

The System prepares its financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. These statements provide information about the System's overall financial status.

## *Description of the Financial Statements*

The *Combined Statement of Net Assets* is the statement of financial position presenting information that includes all of the System's assets and liabilities, with the balance representing the *Net Assets Held in Trust for Pension Benefits*. The investments of the System in this statement are presented at fair value. This statement is presented on page 17.

The *Combined Statement of Changes in Net Assets* reports how the System's net assets changed during the fiscal year. The additions and deductions to net assets are summarized in this statement. The additions include contributions to the retirement plans from employers and members, group life insurance premiums, participant fees, and net investment income, which includes interest and dividends and the net increase in the fair value of investments. The deductions include benefit payments, life insurance death benefit payments, refunds of member contributions and interest, and administrative expenses. This statement is presented on page 18.

The *Combining Statement of Net Assets* and the *Combining Statement of Changes in Net Assets* present the financial position and change in financial position for each of the funds administered by the System, including the Pooled Investment Fund that holds and invests funds from each of the participating plans and funds. These statements begin on page 19.

*Notes to the Financial Statements* are presented to provide the information necessary for a full understanding of the financial statements. The notes to the financial statements begin on page 23.

There are two *Required Supplementary Schedules* included in this report. These required schedules are applicable to five of the defined benefit plans: ERS, PSERS, LRS, GJRS, and GMPF. The *Schedule of Funding Progress* presents historical trend information about the actuarially determined funded status of the plans from a long-term, ongoing plan perspective, and the progress made in accumulating sufficient assets to fund benefit payments as they become due. The *Schedule of Employer Contributions* presents historical trend information about the annual required contributions of employers and percentage of such contributions in relation to actuarially determined requirements for the years presented. The required supplementary schedules begin on page 39.

*Notes to Required Supplementary Schedules* are presented to provide the information necessary for a full understanding of the supplementary schedules. The notes to required supplementary schedules begin on page 41.

Additional information is presented, beginning on page 43. This section includes the *Administrative Expenses Schedule* and the *Schedule of Investment Expenses*. The *Administrative Expenses Schedule* presents the expenses incurred in the administration of these plans and funds, and the contributions from each plan and fund to provide for these expenses. The *Schedule of Investment Expenses* presents more detailed information on investment expenses.

# Management's Discussion and Analysis (Unaudited)

## *Financial Analysis of the System*

A summary of the System's net assets at June 30, 2010 and 2009 is as follows:

| | Net Assets (in thousands) | | | |
|---|---|---|---|---|
| | 2010 | 2009 | Amount Change | Percentage Change |
| Assets: | | | | |
| Cash and receivables | $ 89,833 | 137,999 | (48,166) | (34.9)% |
| Investments | 13,620,392 | 13,103,879 | 516,513 | 3.9 |
| Capital assets, net | 6,789 | 9,791 | (3,002) | (30.7) |
| Total assets | 13,717,014 | 13,251,669 | 465,345 | 3.5 |
| Liabilities: | | | | |
| Due to brokers and accounts payable | 38,437 | 94,537 | (56,100) | (59.3) |
| Net assets | $ 13,678,577 | 13,157,132 | 521,445 | 4.0 % |

## Management's Discussion and Analysis (Unaudited)

The following table presents the investment allocation at June 30, 2010 and 2009:

| | 2010 | 2009 |
|---|---|---|
| Asset allocation at June 30 (in percentages): | | |
| Equities | 57.8% | 52.3% |
| Domestic obligations: | | |
| U.S. Treasuries | 19.6 | 23.3 |
| U.S. Agencies | 1.8 | 2.0 |
| Corporate and other bonds | 9.6 | 14.5 |
| International obligations: | | |
| Governments | 1.4 | — |
| Corporates | 0.6 | — |
| Mutual and common collective trust funds and separate accounts | 6.4 | 6.1 |
| Short-term securities | 2.8 | 1.8 |
| Asset allocation at June 30 (in thousands): | | |
| Equities | $ 7,870,484 | 6,857,211 |
| Domestic obligations: | | |
| U.S. Treasuries | 2,673,779 | 3,054,228 |
| U.S. Agencies | 244,955 | 256,591 |
| Corporate and other bonds | 1,302,714 | 1,901,645 |
| International obligations: | | |
| Governments | 195,900 | — |
| Corporates | 88,327 | — |
| Mutual and common collective trust funds and separate accounts | 867,117 | 798,581 |
| Short-term securities | 377,116 | 235,623 |
| | $ 13,620,392 | 13,103,879 |

The total investment portfolio increased by $517 million from 2009, which is due to the increase in the bond and equities markets in 2010.

The investment rate of return in fiscal year ended June 30, 2010 was 11.0% with a 13.8% return on equities and an 8.7% return on fixed income investments. The five-year annualized rate of return on investments at June 30, 2010 was 2.6%, with a (0.2%) return on equities and a 5.9% return on fixed income investments.

# Management's Discussion and Analysis (Unaudited)

A summary of the changes in the System's net assets for the years ended June 30, 2010 and 2009 is as follows:

| | Changes in Net Assets (in thousands) | | | |
|---|---|---|---|---|
| | 2010 | 2009 | Amount Change | Percentage Change |
| Additions | | | | |
| Employer contributions | $ 290,459 | 298,356 | (7,897) | (2.6)% |
| Member contributions | 119,943 | 123,509 | (3,566) | (2.9) |
| Participant fees | 853 | 1,376 | (523) | (38.0) |
| Insurance premiums | 7,655 | 8,431 | (776) | (9.2) |
| Net investment income (loss) | 1,430,494 | (2,111,007) | 3,541,501 | (167.8) |
| Other | 292 | 903 | (611) | (67.7) |
| Total additions | 1,849,696 | (1,678,432) | 3,528,128 | (210.2) |
| Deductions | | | | |
| Benefit payments | 1,261,079 | 1,242,927 | 18,152 | 1.5 |
| Refunds | 17,533 | 17,547 | (14) | (0.1) |
| Death benefits | 28,459 | 26,475 | 1,984 | 7.5 |
| Administrative expenses | 21,180 | 21,044 | 136 | 0.6 |
| Total deductions | 1,328,251 | 1,307,993 | 20,258 | 1.5 |
| Net increase (decrease) in net assets | $ 521,445 | (2,986,425) | 3,507,870 | (117.5)% |

*Additions* – The System accumulates resources needed to fund benefit payments through contributions and returns on invested funds. In fiscal year 2010, total contributions decreased 2.7%, reflecting a contribution percentage that remained unchanged along with a decrease in the number of active contributing members and a reduction in contributions receivable. Employer contributions to ERS for a group of local tax commissioners are statutorily paid by the Department of Revenue (DOR) with state appropriations. These DOR contributions were not appropriated and will not be received in fiscal year 2011 and accordingly at June 30, 2010 contributions receivable was reduced $5.7 million. Net investment income increased by $3.5 billion, due to the increase in the bond and equities markets in 2010.

*Deductions* – For fiscal year 2010, total deductions increased 1.5%, primarily because of a 1.5% increase in benefit payments. This was due to an increase of approximately 3% in the number of retirees receiving benefit payments across all defined benefit plans. Refunds decreased 0.1%, which was primarily due to a decrease in the number of refunds processed during 2010. Death benefits increased 7.5%, which was primarily due to an increase in the number of death claims processed during 2010. Administrative expenses increased 0.6% over the prior year, primarily due to increases in the employer portion of health insurance and contractual services.

# Management's Discussion and Analysis (Unaudited)

## *Funding Status*

The schedules of funding progress and employer contributions provide information regarding how the plans are performing and funded from an actuarial perspective. The information is based upon actuarial valuations conducted by certified actuaries. The funding ratio, which is presented on the schedule of funding progress, indicates the ratio of the actuarial value of assets and the actuarial accrued liabilities. The higher this ratio, the better position the System is in with regards to its funding requirements. The June 30, 2009 and 2008 actuarial valuations, the latest valuations available, indicate the actuarial value of assets and funding ratios for the five applicable defined benefit retirement plans were as follows:

| | Actuarial value of plan assets (in thousands) | | Funding ratio | |
|---|---|---|---|---|
| | **June 30, 2009** | **June 30, 2008** | **June 30, 2009** | **June 30, 2008** |
| ERS | $ 13,613,606 | 14,017,346 | 85.7% | 89.4% |
| PSERS | 769,618 | 791,855 | 93.5 | 102.7 |
| LRS | 30,303 | 30,706 | 128.8 | 125.6 |
| GJRS | 317,624 | 313,315 | 112.4 | 116.7 |
| GMPF | 6,413 | 5,269 | 30.5 | 27.6 |

In management's opinion, the System continues to operate on an actuarially sound basis, as evidenced by the funding ratios. A funding ratio over 100% indicates the plans, from an actuarial perspective, have more assets available than will be necessary to satisfy the obligations of the plans. GMPF is a relatively new plan that was established in 2002 and is being increasingly funded over time in accordance with contribution amounts recommended by the actuary.

## *Requests for Infomation*

This financial report is designed to provide a general overview of the System's finances for all those with interest in the System's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Employees' Retirement System of Georgia, Two Northside 75, Suite 300, Atlanta, GA 30318.

# Combined Statement of Net Assets

June 30, 2010 (with comparative totals as of June 30, 2009)
(In thousands)

| **ASSETS** | **2010** | **2009** |
|---|---|---|
| CASH | $ 8,623 | 6,858 |
| RECEIVABLES: | | |
| Employer and member contributions | 20,521 | 27,277 |
| Interest and dividends | 48,332 | 56,471 |
| Due from brokers for securities sold | 11,081 | 45,433 |
| Other | 1,276 | 1,960 |
| Total receivables | 81,210 | 131,141 |
| INVESTMENTS - AT FAIR VALUE: | | |
| Short-term | 377,116 | 235,623 |
| Domestic obligations: | | |
| U.S. Treasuries | 2,673,779 | 3,054,228 |
| U.S. Agencies | 244,955 | 256,591 |
| Corporate and other bonds | 1,302,714 | 1,901,645 |
| International obligations: | | |
| Governments | 195,900 | — |
| Corporates | 88,327 | — |
| Common stocks | 7,870,484 | 6,857,211 |
| Mutual funds, common collective trust funds, and separate accounts | 867,117 | 798,581 |
| Total investments | 13,620,392 | 13,103,879 |
| CAPITAL ASSETS, NET | 6,789 | 9,791 |
| Total assets | 13,717,014 | 13,251,669 |
| **LIABILITIES** | | |
| Accounts payable and other | 21,934 | 66,649 |
| Due to brokers for securities purchased | 16,503 | 27,888 |
| Total liabilities | 38,437 | 94,537 |
| **NET ASSETS HELD IN TRUST FOR PENSION BENEFITS** | $ 13,678,577 | 13,157,132 |

See accompanying notes to financial statements.

# Combined Statement of Changes in Net Assets

Year ended June 30, 2010 (with comparative totals for the year ended June 30, 2009)
(In thousands)

| | 2010 | 2009 |
|---|---|---|
| **NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - BEGINNING OF YEAR** | $ 13,157,132 | 16,143,557 |
| **ADDITIONS:** | | |
| Contributions: | | |
| Employer | 290,459 | 298,356 |
| Member | 119,943 | 123,509 |
| Participant fees | 853 | 1,376 |
| Insurance premiums | 7,655 | 8,431 |
| Administrative expense allotment | 292 | 903 |
| Investment income (loss) | | |
| Net increase (decrease) in fair value of investments | 1,084,565 | (2,526,222) |
| Interest and dividends | 353,775 | 423,042 |
| Other | 1,701 | 1,608 |
| Total investment income (loss) | 1,440,041 | (2,101,572) |
| Less investment expenses | (9,547) | (9,435) |
| Net investment income (loss) | 1,430,494 | (2,111,007) |
| Total additions | 1,849,696 | (1,678,432) |
| **DEDUCTIONS:** | | |
| Benefit payments | 1,261,079 | 1,242,927 |
| Refunds of member contributions and interest | 17,533 | 17,547 |
| Death benefits | 28,459 | 26,475 |
| Administrative expenses | 21,180 | 21,044 |
| Total deductions | 1,328,251 | 1,307,993 |
| Net increase (decrease) in net assets | 521,445 | (2,986,425) |
| **NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - END OF YEAR** | $ 13,678,577 | 13,157,132 |

See accompanying notes to financial statements.

# Combining Statement of Net Assets

June 30, 2010
(In thousands)

| | | | Defined Contribition Plans | | | | |
|---|---|---|---|---|---|---|---|
| **Assets** | **Defined Benefit Plans** | **Pooled Investment Fund** | **Georgia Defined Contribution Plan** | **401(k) Plan** | **457 Plan** | **Eliminations** | **Total** |
| Cash | $ 8,135 | 1 | 441 | 23 | 23 | — | 8,623 |
| Receivables: | | | | | | | |
| Employer and member contributions | 17,529 | — | 898 | 1,529 | 565 | — | 20,521 |
| Interest and dividends | — | 48,211 | 120 | 1 | — | — | 48,332 |
| Due from brokers for securities sold | — | 11,081 | — | — | — | — | 11,081 |
| Other | 883 | — | — | 174 | 219 | — | 1,276 |
| Unremitted insurance premiums | 1,188 | — | — | — | — | (1,188) | — |
| Total receivables | 19,600 | 59,292 | 1,018 | 1,704 | 784 | (1,188) | 81,210 |
| Investments - at fair value: | | | | | | | |
| Short-term | — | 306,257 | 70,859 | — | — | — | 377,116 |
| Domestic obligations: | | | | | | | |
| U.S. Treasuries | — | 2,661,276 | 12,503 | — | — | — | 2,673,779 |
| U.S. Agencies | — | 230,646 | 14,309 | — | — | — | 244,955 |
| Corporate and other bonds | — | 1,302,714 | — | — | — | — | 1,302,714 |
| International obligations: | | | | | | | |
| Governments | — | 195,900 | — | — | — | — | 195,900 |
| Corporates | — | 88,327 | — | — | — | — | 88,327 |
| Common stocks | — | 7,870,484 | — | — | — | — | 7,870,484 |
| Mutul funds, common collective trust funds, and separate accounts | — | — | — | 358,990 | 508,127 | — | 867,117 |
| Equity in pooled investment fund | 12,696,959 | — | — | — | — | (12,696,959) | — |
| Total investments | 12,696,959 | 12,655,604 | 97,671 | 358,990 | 508,127 | (12,696,959) | 13,620,392 |
| Capital assets, net | 6,789 | — | — | — | — | — | 6,789 |
| Total assets | 12,731,483 | 12,714,897 | 99,130 | 360,717 | 508,934 | (12,698,147) | 13,717,014 |
| **Liabilities** | | | | | | | |
| Accounts payable and other | 18,378 | 1,435 | 573 | 177 | 1,371 | — | 21.934 |
| Due to brokers for securities purchased | — | 16,503 | — | — | — | — | 16,503 |
| Insurance premiums payable | 1,188 | — | — | — | — | (1,188) | — |
| Due to participating systems | — | 12,696,959 | — | — | — | (12,696,959) | — |
| Total liabilities | 19,566 | 12,714,897 | 573 | 177 | 1,371 | (12,698,147) | 38,437 |
| Net assets held in trust for pension benefits | $ 12,711,917 | — | 98,557 | 360,540 | 507,563 | — | 13,678,577 |

See accompanying notes to financial statements.

# Defined Benefit Plans - Combining Statement of Net Assets

June 30, 2010
(In thousands)

| | Defined Benefit Plans | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | Employees' Retirement System | Public School Employees Retirement System | Legislative Retirement System | Georgia Judicial Retirement System | State Employees' Assurance Department Active | State Employees' Assurance Department OPEB | Georgia Military Pension Fund | Superior Court Judges Retirement Fund | District Attorneys Retirement Fund | Defined Benefit Plans Total |
| Cash | $ 7,602 | 45 | 28 | 223 | 87 | 43 | 86 | 20 | 1 | 8,135 |
| Receivables: | | | | | | | | | | |
| Employer and member contributions | 16,580 | 2 | 34 | 913 | — | — | — | — | — | 17,529 |
| Interest and dividends | — | — | — | — | — | — | — | — | — | — |
| Due from brokers for securities sold | — | — | — | — | — | — | — | — | — | — |
| Other | 882 | — | — | — | — | — | — | — | 1 | 883 |
| Unremitted insurance premiums | — | — | — | — | 132 | 1,056 | — | — | — | 1,188 |
| Total receivables | 17,462 | 2 | 34 | 913 | 132 | 1,056 | — | — | 1 | 19,600 |
| Investments - at fair value: | | | | | | | | | | |
| Short-term | — | — | — | — | — | — | — | — | — | — |
| Domestic obligations: | | | | | | | | | | |
| U.S. Treasuries | — | — | — | — | — | — | — | — | — | — |
| U.S. Agencies | — | — | — | — | — | — | — | — | — | — |
| Corporate and other bonds | — | — | — | — | — | — | — | — | — | — |
| International obligations: | | | | | | | | | | |
| Governments | — | — | — | — | — | — | — | — | — | — |
| Corporates | — | — | — | — | — | — | — | — | — | — |
| Common stocks | — | — | — | — | — | — | — | — | — | — |
| Mutul funds, common collective trust funds, and separate accounts | — | — | — | — | — | — | — | — | — | — |
| Equity in pooled investment fund | 10,942,725 | 616,219 | 24,810 | 270,556 | 155,913 | 679,350 | 6,635 | 751 | — | 12,696,959 |
| Total investments | 10,942,725 | 616,219 | 24,810 | 270,556 | 155,913 | 679,350 | 6,635 | 751 | — | 12,696,959 |
| Capital assets, net | 6,789 | — | — | — | — | — | — | — | — | 6,789 |
| Total assets | 10,974,578 | 616,266 | 24,872 | 271,692 | 156,132 | 680,449 | 6,721 | 771 | 2 | 12,731,483 |
| **Liabilities** | | | | | | | | | | |
| Accounts payable and other | 17,114 | 933 | 23 | 248 | — | — | 25 | 35 | — | 18,378 |
| Due to brokers for securities purchased | — | — | — | — | — | — | — | — | — | — |
| Insurance premiums payable | 1,168 | — | 3 | 17 | — | — | — | — | — | 1,188 |
| Due to participating systems | — | — | — | — | — | — | — | — | — | — |
| Total liabilities | 18,282 | 933 | 26 | 265 | — | — | 25 | 35 | — | 19,566 |
| Net assets held in trust for pension benefits | $ 10,956,296 | 615,333 | 24,846 | 271,427 | 156,132 | 680,449 | 6,696 | 736 | 2 | 12,711,917 |

See accompanying notes to financial statements.

## Combining Statement of Changes in Net Assets

Year Ended June 30, 2010
(In thousands)



| | Defined Benefit Plans | Pooled Investment Fund | Defined Contribution Plans: Georgia Defined Contribution Plan | Defined Contribution Plans: 401(k) Plan | Defined Contribution Plans: 457 Plan | Total |
|---|---|---|---|---|---|---|
| Net assets held in trust for pension benefits - beginning of year | $ 12,274,161 | — | 83,968 | 309,756 | 489,247 | 13,157,132 |
| Additions: | | | | | | |
| Contributions | | | | | | |
| Employer | 274,795 | — | — | 15,664 | — | 290,459 |
| Member | 48,871 | — | 16,002 | 33,899 | 21,171 | 119,943 |
| Participant fees | — | — | — | 385 | 468 | 853 |
| Insurance premiums | 7,655 | — | — | — | — | 7,655 |
| Administrative expense allotment | 292 | — | — | — | — | 292 |
| Investments income (loss): | | | | | | |
| Net increase (decrease) in fair value of investments | — | 1,023,038 | 32 | 25,485 | 36,010 | 1,084,565 |
| Interest and dividends | — | 352,912 | 818 | 31 | 14 | 353,775 |
| Other | — | — | — | 707 | 994 | 1,701 |
| Less investment expenses | (1,343) | (6,003) | (49) | (940) | (1,212) | (9,547) |
| Allocation of investment income | 1,360,429 | (1,369,947) | 9,518 | — | — | — |
| Net investment income | 1,359,086 | — | 10,319 | 25,283 | 35,806 | 1,430,494 |
| Total additions | 1,690,699 | — | 26,321 | 75,231 | 57,445 | 1,849,696 |
| Deductions: | | | | | | |
| Benefit payment | 1,200,438 | — | 9 | 23,618 | 37,014 | 1,261,079 |
| Refunds of member contributions and interest | 6,920 | — | 10,613 | — | — | 17,533 |
| Death benefits | 28,459 | — | — | — | — | 28,459 |
| Administrative expenses | 17,126 | — | 1,110 | 829 | 2,115 | 21,180 |
| Total deductions | 1,252,943 | — | 11,732 | 24,447 | 39,129 | 1,328,251 |
| Net increase (decrease) in net assets | 437,756 | — | 14,589 | 50,784 | 18,316 | 521,445 |
| Net assets held in trust for pension benefits - end of year | $ 12,711,917 | — | 98,557 | 360,540 | 507,563 | 13,678,577 |

See accompanying notes to financial statements.

# Defined Benefit Plans - Combining Statement of Changes in Net Assets

Year Ended June 30, 2010
(In thousands)

| | Defined Benefit Plans | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Employees' Retirement System | Public School Employees Retirement System | Legislative Retirement System | Georgia Judicial Retirement System | State Employees' Assurance Department Active | State Employees' Assurance Department OPEB | Georgia Military Pension Fund | Superior Court Judges Retirement Fund | District Attorneys Retirement Fund | Defined Benefit Plans Total |
| Net assets held in trust for pension benefits - beginning of year | $ 10,626,096 | 597,318 | 23,644 | 248,261 | 144,161 | 628,199 | 5,229 | 1,251 | 2 | 12,274,161 |
| Additions: | | | | | | | | | | |
| Contributions | | | | | | | | | | |
| Employer | 263,064 | 5,530 | 75 | 3,369 | — | — | 1,434 | 1,243 | 80 | 274,795 |
| Member | 42,052 | 1,483 | 318 | 5,018 | — | — | — | — | — | 48,871 |
| Participant fees | — | — | — | — | — | — | — | — | — | — |
| Insurance premiums | — | — | — | — | 900 | 6,755 | — | — | — | 7,655 |
| Administrative expense allotment | — | — | 110 | 175 | — | — | — | 6 | 1 | 292 |
| Investment income (loss): | | | | | | | | | | |
| Net increase (decrease) in fair value of investments | — | — | — | — | — | — | — | — | — | — |
| Interest and dividends | — | — | — | — | — | — | — | — | — | — |
| Other | — | — | — | — | — | — | — | — | — | — |
| Less investment expenses | (1,343) | — | — | — | — | — | — | — | — | (1,343) |
| Allocation of investment income | 1,178,084 | 66,404 | 2,610 | 27,378 | 15,910 | 69,340 | 565 | 138 | — | 1,360,429 |
| Net investment income | 1,176,741 | 66,404 | 2,610 | 27,378 | 15,910 | 69,340 | 565 | 138 | — | 1,359,086 |
| Total additions | 1,481,857 | 73,417 | 3,113 | 35,940 | 16,810 | 76,095 | 1,999 | 1,387 | 81 | 1,690,699 |
| Deductions: | | | | | | | | | | |
| Benefit payments | 1,130,669 | 53,195 | 1,744 | 12,365 | — | — | 489 | 1,896 | 80 | 1,200,438 |
| Refunds of member contributions and interest | 6,483 | 251 | 47 | 139 | — | — | — | — | — | 6,920 |
| Death benefits | — | — | — | — | 4,817 | 23,642 | — | — | — | 28,459 |
| Administrative expenses | 14,505 | 1,956 | 120 | 270 | 22 | 203 | 43 | 6 | 1 | 17,126 |
| Total deductions | 1,151,657 | 55,402 | 1,911 | 12,774 | 4,839 | 23,845 | 532 | 1,902 | 81 | 1,252,943 |
| Net increase (decrease) in net assets | 330,200 | 18,015 | 1,202 | 23,166 | 11,971 | 52,250 | 1,467 | (515) | — | 437,756 |
| Net assets held in trust for pension benefits - end of year | $ 10,956,296 | 615,333 | 24,846 | 271,427 | 156,132 | 680,449 | 6,696 | 736 | 2 | 12,711,917 |

See accompanying notes to financial statements.

# Notes to Financial Statements

*June 30, 2010*

## (1) *General*

The accompanying basic financial statements of the Employees' Retirement System of Georgia, including all plans and funds administered by the Employees' Retirement System of Georgia (collectively, the System), is comprised of the Employees' Retirement System of Georgia (ERS), Public School Employees Retirement System (PSERS), Legislative Retirement System (LRS), Georgia Judicial Retirement System (GJRS), Georgia Military Pension Fund (GMPF), State Employees' Assurance Department Active Members Trust Fund (SEAD-Active), State Employees' Assurance Department Retired and Vested Inactive Members Trust Fund (SEAD-OPEB), Superior Court Judges Retirement Fund (SCJRF), District Attorneys Retirement Fund (DARF), Georgia Defined Contribution Plan (GDCP), 401(k) Deferred Compensation Plan (401(k) Plan), and the 457 Deferred Compensation Plan (457 Plan). All significant accounts and transactions among the various systems, departments, and funds have been eliminated.

In evaluating how to define the System for financial reporting purposes, the management of the System has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. Based on these criteria, the System has not included any other entities in its reporting entity.

Although the System is a component unit of the State of Georgia's financial reporting entity, it is accountable for its own fiscal matters and presentation of its separate financial statements. The Board of Trustees, comprised of active and retired members, ex-officio state employees, and appointees by the Governor, are ultimately responsible for the administration of the System.

## (2) *Authorizing Legislation and Plan Descriptions*

Each plan and fund, including benefit and contribution provisions, was established and can be amended by state law. The following summarizes authorizing legislation and the plan description of each retirement fund:

*(a)* ERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees and has the powers and privileges of a corporation.

**Membership**
As of June 30, 2010, participation in ERS is as follows:

| | |
|---|---|
| Retirees and beneficiaries currently receiving benefits | 38,518 |
| Terminated employees entitled to benefits but not yet receiving benefits | 68,290 |
| Active plan members | 68,567 |
| Total | 175,375 |
| Employers | 741 |

**Benefits**
Unless the employee elects otherwise, an employee who currently maintains membership with ERS based upon state employment that started prior to July 1, 1982 is an "old plan" member subject to the plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are "new plan" members, subject to the modified plan provisions. Effective January 1, 2009, newly hired state employees, as well as rehired state employees who did not maintain eligibility for the "old" or "new" plan, are members of the Georgia State Employees' Pension and Savings Plan (GSEPS). ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to the GSEPS plan.

# Notes to Financial Statements

Under the old plan, the new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

**Contributions and Vesting**

Member contributions under the old plan are 4% of annual compensation, up to $4,200 plus 6% of annual compensation in excess of $4,200. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The state is required to contribute at a specified percentage of active member payrolls, determined annually by actuarial valuation. The state contributions are not at any time refundable to the member or his/her beneficiary.

Employer contributions required for fiscal year 2010 were based on the June 30, 2007 actuarial valuation for the old plan and new plans and were set by the Board of Trustees on September 18, 2008 for GSEPS as follows:

| | Old plan | New plan | GSEPS |
|---|---|---|---|
| Employer: | | | |
| Normal | 2.08% | 6.83% | 2.96% |
| Employer paid for member | 4.75 | — | — |
| Accrued liability | 3.58 | 3.58 | 3.58 |
| Total | 10.41% | 10.41% | 6.54% |

Members become vested after ten years of membership service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contributions, the member forfeits all rights to retirement benefits.

The employer contributions are projected to liquidate the unfunded actuarial accrued liability within 30 years, based upon the actuarial valuation at June 30, 2009, on the assumption that the total payroll of active members will increase by 3.75% each year.

On November 20, 1997, the ERS Board of Trustees created the Supplemental Retirement Benefit Plan of ERS (SRBP). SRBP was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC §415) as a portion of ERS. The purpose of the SRBP is to provide retirement benefits to employees covered by ERS whose benefits are otherwise limited by IRC §415.

Beginning January 1, 1998, all members and retired former members in ERS are eligible to participate in this plan whenever their benefits under ERS exceed the limitation on benefits imposed by IRC §415.

There were 124 members eligible to participate in this portion of ERS for the year ended June 30, 2010. Employer contributions of $1,870,000 and benefit payments of $1,866,177 under the SRBP are included in the combined statements of changes in net assets for the year ended June 30, 2010. Cash of $12,750 under the SRBP is included in the combined statements of net assets as of June 30, 2010.

# Notes to Financial Statements

*(b)* 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 for public school employees who are not eligible for membership in the Teachers Retirement System of Georgia. The ERS Board of Trustees, plus two additional trustees, administers PSERS.

**Membership**
As of June 30, 2010, participation in PSERS is as follows:

| | |
|---|---|
| Retirees and beneficiaries currently receiving benefits | 13,995 |
| Terminated employees entitled to benefits but not yet receiving benefits | 68,951 |
| Active plan members | 39,962 |
| Total | 122,908 |
| Employers | 195 |

**Benefits**
A member may retire and elect to receive normal monthly retirement benefits after completion of ten years of creditable service and attainment of age 65. A member may choose to receive reduced benefits after age 60 and upon completion of ten years of service.

Upon retirement, the member will receive a monthly benefit of $14.75, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS makes periodic cost-of-living adjustments to the monthly benefits.

**Contributions and Vesting**
Members contribute $4 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees.

Employer contributions required for the year ended June 30, 2010 were $141.46 per active member and were based on the June 30, 2007 actuarial valuation.

Members become vested after ten years of creditable service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contribution, the member forfeits all rights to retirement benefits.

*(c)* LRS is a cost-sharing multiple-employer defined benefit plan established by the Georgia General Assembly in 1979 for the purpose of providing retirement allowances for all members of the Georgia General Assembly. LRS is administered by the ERS Board of Trustees.

**Membership**
As of June 30, 2010, participation in LRS is as follows:

| | |
|---|---|
| Retirees and beneficiaries currently receiving benefits | 235 |
| Terminated employees entitled to benefits but not yet receiving benefits | 124 |
| Active plan members | 216 |
| Total | 575 |
| Employers | 1 |

# Notes to Financial Statements

**Benefits**
A member's normal retirement is after eight years of creditable service and attainment of age 65, or eight years of membership service (four legislative terms) and attainment of age 62. A member may retire early and elect to receive a monthly retirement benefit after completion of eight years of membership service and attainment of age 60; however, the retirement benefit is reduced by 5% for each year the member is under age 62.

Upon retirement, the member will receive a monthly service retirement allowance of $36, multiplied by the number of years of creditable service, reduced by age reduction factors, if applicable. Death benefits are also available through the plan.

**Contributions and Vesting**
Member contributions are 8.5% of annual salary. The state pays member contributions in excess of 4.75% of annual compensation. Employer contributions are actuarially determined and approved and certified by the ERS Board of Trustees.

There were no employer contributions required for the year ended June 30, 2010 based on the June 30, 2007 actuarial valuation.

Members become vested after eight years of creditable service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member.

However, if an otherwise vested member terminates and withdraws his/her member contributions, the member forfeits all rights to retirement benefits.

*(d)* The GJRS is a system created to serve the members and beneficiaries of the Trial Judges and Solicitors Retirement Fund, the Superior Court Judges Retirement System, and the District Attorneys Retirement System (collectively, the Predecessor Retirement Systems). As of June 30, 1998, any person who was an active, inactive, or retired member or beneficiary of the Predecessor Retirement Systems was transferred to GJRS in the same status effective July 1, 1998. All assets of the Predecessor Retirement Systems were transferred to GJRS as of July 1, 1998. The ERS Board of Trustees and three additional trustees administer GJRS.

GJRS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly for the purpose of providing retirement allowances for judges and solicitors generals of the state courts and juvenile court judges in Georgia, and their survivors and other beneficiaries, superior court judges of the state of Georgia, and district attorneys of the state of Georgia.

**Membership**
As of June 30, 2010, participation in GJRS is as follows:

| | |
|---|---|
| Retirees and beneficiaries currently receiving benefits | 206 |
| Terminated employees entitled to benefits but not yet receiving benefits | 55 |
| Active plan members | 495 |
| Total | 756 |
| Employers | 96 |

**Benefits**
The normal retirement for GJRS is age 60, with 16 years of creditable service; however, a member may retire at age 60 with a minimum of 10 years of creditable service.

Annual retirement benefits paid to members are computed as 66.66% of state paid salary at retirement for district attorneys and superior court judges and 66.66% of the average over 24 consecutive months for trial judges and solicitors, plus 1% for each year of credited service over 16 years, not to exceed 24 years. Early retirement benefits paid to members are computed as the pro rata portion of the normal retirement benefit, based on service not to exceed 16 years. Death, disability, and spousal benefits are also available.

# Notes to Financial Statements

**Contributions and Vesting**

Members are required to contribute 7.5% of their annual salary plus an additional 2.5% of their annual salary if spousal benefit is elected. Employer contributions are actuarially determined and approved and certified by the GJRS Board of Trustees.

Employer contributions required for fiscal year 2010 were based on the June 30, 2007 actuarial valuation as follows:

| | |
|---|---|
| Employer: | |
| Normal | 12.05 % |
| Accrued liability | (8.20) |
| Total | 3.85 % |

Members become vested after ten years of creditable service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contributions, the member forfeits all rights to retirement benefits.

The employer contributions are projected to liquidate the actuarial accrued funding excess within 10 years, based upon the actuarial valuation at June 30, 2009, assuming that the amount of accrued liability payment increases 3.75% each year.

*(e)* The GMPF is a single-employer defined benefit pension plan established on July 1, 2002 by the Georgia General Assembly for the purpose of providing retirement allowances and other benefits for members of the Georgia National Guard (National Guard). The ERS Board of Trustees administers the GMPF.

**Membership**
As of June 30, 2010, GMPF had 480 retirees and beneficiaries currently receiving benefits. Active and inactive plan member information is maintained by one employer, the Georgia Department of Defense.

**Benefits**
A member becomes eligible for benefits upon attainment of age 60, with 20 or more years of creditable service (including at least 15 years of service as a member of the National Guard), having served at least 10 consecutive years as a member of the National Guard immediately prior to discharge, and having received an honorable discharge from the National Guard.

The retirement allowance is payable for life in the amount of $50 per month, plus $5 per month for each year of creditable service in excess of 20 years. The maximum benefit is $100 per month.

**Contributions and Vesting**
Employer contributions are actuarially determined and approved and certified by the ERS Board of Trustees. There are no member contributions required.

Employer contributions required for the year ended June 30, 2010 were $119.30 per active member and were based on the June 30, 2007 actuarial valuation.

A member becomes vested after 20 years of creditable service (including at least 15 years of service as a member of the National Guard), having served at least 10 consecutive years as a member of the National Guard immediately prior to discharge, and having received an honorable discharge from the National Guard.

The employer contributions are projected to liquidate the unfunded actuarial accrued liability within 20 years, based upon the actuarial valuation at June 30, 2009.

# Notes to Financial Statements

*(f)* SEAD-Active was created in 2007 by the Georgia General Assembly to amend Title 47 of the Official Code of Georgia Annotated, relating to retirement, so as to establish a fund for the provision of term life insurance to active members of ERS, LRS, GJRS, and SCJRF. Effective January 1, 2009, members of ERS under the GSEPS plan are not eligible for term life insurance. The SEAD-Active trust fund accumulates in the fund the premiums received from the aforementioned retirement systems, including interest earned on deposits and investments of such payments from active members.

Employee contribution rates of 0.05% and 0.02% of members' salaries for old plan members and new plan members, respectively, were appropriated for the fiscal year ending June 30, 2010. There were no employer contribution rates required for the fiscal year ended June 30, 2010. Old plan members were hired prior to July 1, 1982, and new plan members were hired on or after July 1, 1982, but prior to January 1, 2009.

According to the policy terms covering the lives of members, insurance coverage is provided on a monthly, renewable term basis, and no return premiums or cash value are earned. The net assets represent the excess accumulation of investment income and premiums over benefit payments and expenses and are held as a reserve for payment of death benefits under existing policies.

*(g)* SEAD-OPEB was created in 2007 by the Georgia General Assembly to amend Title 47 of the Official Code of Georgia Annotated, relating to retirement, so as to establish a fund for the provision of term life insurance to retired and vested inactive members of ERS, LRS, GJRS, and SCJRF. The SEAD-OPEB trust fund accumulates in the fund the premiums received from the aforementioned retirement systems, including interest earned on deposits and investments of such payments from retired and vested inactive members.

Employee contribution rates of 0.45% and 0.23% of members' salaries for old plan members and new plan members, respectively, were appropriated for the fiscal year ending June 30, 2010. There were no employer contribution rates required for the fiscal year ended June 30, 2010. Old plan members were hired prior to July 1, 1982, and new plan members were hired on or after July 1, 1982.

According to the policy terms covering the lives of members, insurance coverage is provided on a monthly, renewable term basis, and no return premiums or cash value are earned. The net assets represent the excess accumulation of investment income and premiums over benefit payments and expenses and are held as a reserve for payment of death benefits under existing policies.

*(h)* SCJRF is a single-employer defined benefit pension plan established by the Georgia General Assembly in 1945 for the purpose of providing retirement benefits to the superior court judges of the state of Georgia. SCJRF is directed by its own Board of Trustees. The Boards of Trustees for ERS and SCJRF entered into a contract for ERS to administer the plan effective July 1, 1995.

**Membership**
As of June 30, 2010, SCJRF had 27 retirees and beneficiaries currently receiving benefits and no active members. No new members are allowed into SCJRF.

**Benefits**

The normal retirement for SCJRF is age 68, with 19 years of creditable service, with a benefit of two-thirds the salary paid to superior court judges. A member may also retire at age 65, with a minimum of 10 years of creditable service, with a benefit of one-half the salary paid to superior court judges. Death, disability, and spousal benefits are also available.

**Contributions and Vesting**
Employer contributions are not actuarially determined, but are provided on an as-needed basis to fund current benefits.

# Notes to Financial Statements

*(i)* DARF is a defined benefit pension plan established by the Georgia General Assembly in 1949 for the purpose of providing retirement benefits to the district attorneys of the state of Georgia. DARF is directed by its own Board of Trustees. The Boards of Trustees for ERS and DARF entered into a contract for ERS to administer the plan effective July 1, 1995.

**Membership**
As of June 30, 2010, DARF had 7 retirees and beneficiaries currently receiving benefits and no active members. No new members are allowed into DARF.

**Benefits**
Persons appointed as district attorney emeritus shall receive an annual benefit of $15,000, or one-half of the state salary received by such person as a district attorney for the calendar year immediately prior to the person's retirement, whichever is greater.

**Contributions and Vesting**
Employer contributions are not actuarially determined, but are provided on an as-needed basis to fund current benefits.

*(j)* GDCP is a defined contribution plan established by the Georgia General Assembly in July 1992 for the purpose of providing retirement allowances for state employees who are not members of a public retirement or pension system and do not participate in Social Security. GDCP is administered by the ERS Board of Trustees.

**Membership**
As of June 30, 2010, participation in GDCP is as follows:

| | |
|---|---|
| Retirees and beneficiaries currently receiving benefits | 1 |
| Terminated employees entitled to benefits but not yet receiving benefits | 100,516 |
| Active plan members | 16,502 |
| Total | 117,019 |
| Employers | 378 |

**Benefits**
A member may retire and elect to receive periodic payments after attainment of age 65. The payments will be based upon mortality tables and interest assumptions adopted by the ERS Board of Trustees. If a terminated member has less than $5,000 credited to his/her account, the ERS Board of Trustees has the option of requiring a lump-sum distribution to the member. Upon the death of a member, a lump-sum distribution equaling the amount credited to his/her account will be paid to the member's designated beneficiary.

**Contributions**
Members are required to contribute 7.5% of their annual salary. There are no employer contributions. Earnings will be credited to each member's account as adopted by the ERS Board of Trustees. Upon termination of employment, the amount of the member's account is refundable upon request by the member.

*(k)* The 401(k) Plan was established by the State of Georgia Employee Benefit Plan Council (the Council) in accordance with Georgia Law 1985, as amended, Official Code of Georgia, Sections 45-18-50 through 45-18-58, and Section 401(k) of the Internal Revenue Code (IRC). On October 1, 1994, activity commenced when the 401(k) Plan became available to employees of the State of Georgia Community Service Boards (CSBs). On December 1, 1998, the 401(k) Plan became available to employees of the Georgia Lottery Corporation (GLC). On July 1, 2005, the Plan became available to employees of Fayette County Board of Education; on July 1, 2006, the Plan became available to employees of Walton County Board of Education; and on January 1, 2010 the Plan became available to employees of Henry County Board of Education.

# Notes to Financial Statements

Effective July 1, 1998, the State of Georgia Employee's Deferred Compensation Group Trust (Master Trust) was formed for the State of Georgia Deferred Compensation Program to serve as the funding medium for the 401(k) Plan. At that time, the 401(k) Plan began operating on an employee elective deferral basis for all state employees working at least 1,000 hours in a 12-month period. All assets of the 401(k) Plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The assets of the 401(k) Plan and the State of Georgia Employees' Deferred Compensation 457 Plan are commingled in the Master Trust with the respective trusts owning units of the Master Trust. Participant contributions are invested according to the participant's investment election. If the participant does not make an election, investments are automatically defaulted to a Lifecycle fund based on the participant's date of birth.

Effective July 1, 2005 (HB275), ERS became the trustee of the 401(k) Plan. ING LLC and State Street Bank and Trust Company hold, administer, and invest the assets of the Master Trust.

**Contributions and Vesting**

Participating CSBs, the GLC and Walton and Henry County Boards of Education offer employer contributions to eligible employees of up to 7.5% of base salary (limited to a maximum of $245,000 base salary for 2009 and 2010) as either a contribution matching employee elective contributions or an automatic contribution regardless of employee participation. As of January 1, 2009 individual participants may defer up to 80% of eligible compensation, or up to limits prescribed by the IRC (whichever is less).

Effective January 1, 2009, in accordance with O.C.G.A. 47-2-350 through 47-2-360, newly hired state employees, as well as rehired state employees who did not maintain eligibility for the ERS "old" or "new" plan, are members of the Georgia State Employees' Pension and Savings Plan (GSEPS). The GSEPS plan includes automatic enrollment in the 401(k) plan at a contribution rate of 1% of salary, along with a matching contribution from the state. The state will match 100% of the employee's initial 1% contribution. Employees can elect to contribute up to an additional 4% and the state will match 50% of the additional 4% of salary. Therefore, the state will match 3% against the employee's 5% total savings. Contributions greater than 5% do not receive any matching funds. Employees who are not participants of the GLC, CSB, or GSEPS plans do not receive any employer contributions in their 401(k) plan.

All employer contributions are subject to a vesting schedule, which determines eligibility to receive all or a portion of the employer contribution balance at the time of any distribution from the account after separation from all state service. Vesting is determined based on the following schedule:

| | |
|---|---|
| Less than 1 year | —% |
| 1 | 20 |
| 2 | 40 |
| 3 | 60 |
| 4 | 80 |
| 5 or more years | 100 |

For CSB/GLC participants whose services terminated prior to January 1, 2010 but after December 31, 2001, the following vesting schedule applies:

| | |
|---|---|
| Less than 2 years | —% |
| 2 | 20 |
| 3 | 40 |
| 4 | 60 |
| 5 | 80 |
| 6 or more years | 100 |

For CSB/GLC participants whose services terminated prior to January 1, 2002, the following vesting schedule applies:

| | |
|---|---|
| Less than 3 years | —% |
| 3 | 20 |
| 4 | 40 |
| 5 | 60 |
| 6 | 80 |
| 7 or more years | 100 |

# Notes to Financial Statements

Employee contributions and earnings thereon are 100% vested at all times. The 401(k) Plan also allows participants to roll over amounts from other qualified plans to their respective account in the 401(k) Plan on approval by the 401(k) Plan Administrator. Such rollovers are 100% vested at the time of transfer.

**Distributions**
The participant may receive the value of their vested accounts upon attaining age 59.5, qualifying financial hardship, or retirement or other termination of service (employer contribution balances are only eligible for distribution upon separation from service). Upon the death of a participant, his or her beneficiary shall be entitled to the vested value of his or her accounts. Distributions are made in installments or in a lump sum.

*(l)* The 457 Plan was established by the State Personnel Board in accordance with Georgia laws 1974, page 198 as amended, Official Code of Georgia, Sections 45-18-30 through 45-18-36, and Section 457 of the Internal Revenue Code (IRC). The 457 Plan is available to employees of the State of Georgia and county health departments and permits such employees to defer a portion of their annual salary until future years. Employee contributions and earnings thereon are 100% vested at all times.

Effective July 1, 1998, the State of Georgia Employee's Deferred Compensation Group Trust (Master Trust) was formed for the State of Georgia Deferred Compensation Program to serve as the funding medium for the 457 Plan. All assets of the 457 Plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The assets of the 457 Plan and the State of Georgia Employees' Deferred Compensation 401(k) Plan are commingled in the Master Trust with the respective trusts owning units of the Master Trust. Participant contributions are invested according to the participant's investment election. If the participant does not make an election, investments are automatically defaulted to a Lifecycle fund based on the participant's date of birth.

Effective July 1, 2005 (HB275), ERS became the trustee of the 457 Plan. ING LLC and State Street Bank and Trust Company hold, administer, and invest the assets of the Master Trust.

**Distributions**
The balance in the employee's account in the 457 Plan is not available to the employee until termination, retirement, death, or unforeseeable emergency as defined in the 457 Plan.

## (3) *Significant Accounting Policies and System Asset Matters*

### *(a)* Basis of Accounting

The System's basic financial statements are prepared on the accrual basis of accounting. Contributions from the employers and members are recognized as additions in the period in which the members provide services. Retirement benefits and refund payments are recognized as deductions when due and payable.

### *(b)* Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Investment income is recognized as earned by the System. There are no investments in, loans to, or leases with parties related to the System.

The System utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

# Notes to Financial Statements

*(c)* **Capital Assets**

Capital assets, including software development costs, are stated at cost less accumulated depreciation. The capitalization thresholds are $100,000 for buildings and building improvements and $5,000 for equipment and vehicles. Depreciation on capital assets is computed using the straight-line method over estimated useful lives of five to forty years. Depreciation expense is included in administrative expenses. Maintenance and repairs are charged to administrative expenses when incurred. When assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the statements of changes in net assets in the period of disposal.

*(d)* **Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of net assets and changes therein. Actual results could differ from those estimates.

## (4) *Investment Program*

The System maintains sufficient cash to meet its immediate liquidity needs. Cash not immediately needed is invested in either short-term or long-term investment securities as directed by the Board of Trustees. All investments are held by agent custodial banks in the name of the System.

**Cash**

Cash balances are fully insured through the Federal Deposit Insurance Corporation, an agency of the U.S. Government. Fiduciary accounts, such as those of the System, are granted $250,000 of insurance coverage per participant in the System. Temporary cash on hand not committed for a specific purpose is invested overnight.

**Investments**

State statutes and the System's investment policy authorize the System to invest in a variety of short-term and long-term securities as follows:

*(a)* **Short-Term**

Short-term investments are authorized in the following instruments:

- Repurchase and reverse repurchase agreements, whereby the System and a broker exchange cash for direct obligations of the U.S. Government or obligations unconditionally guaranteed by agencies of the U.S. Government or U.S. corporations. The System or broker promises to repay the cash received, plus interest, at a specific date in the future in exchange for the same securities. The System held repurchase agreements of $377,116,000 at June 30, 2010.

- U.S. Treasury obligations.

Other short-term securities authorized, but not currently used, are as follows:

- Commercial paper, with a maturity of 180 days or less. Commercial paper is an unsecured promissory note issued primarily by corporations for a specific amount and maturing on a specific day. The System considers for investment only commercial paper of the highest quality, rated P-1 and/or A-1 by national credit rating agencies.

- Master notes, an overnight security administered by a custodian bank and an obligation of a corporation whose commercial paper is rated P-1 and/or A-1 by national credit rating agencies.

  Investments in commercial paper or master notes are limited to no more than $500 million in any one name.

# Notes to Financial Statements

*(b)* **Long-Term**

**Fixed income investments are authorized in the following instruments:**

- U.S. and foreign government obligations. At June 30, 2010, the System held U.S. Treasury bonds of $2,673,778,920 and international government bonds of $195,899,890.

- Obligations unconditionally guaranteed by agencies of the U.S. Government. At June 30, 2010, the System held agency bonds of $244,955,380.

- Corporate bonds with at least an "A" rating by a national rating agency. At June 30, 2010, the System held U.S. corporate bonds of $1,302,714,400 and international corporate bonds of $88,326,750.

- Private placements are authorized under the same general restrictions applicable to corporate bonds.

Mortgage investments are authorized to the extent that they are secured by first mortgages on improved real property located in the state of Georgia.

Equity securities are also authorized (in statutes) for investment as a complement to the System's fixed-income portfolio and as a long-term inflation hedge. By statute, no more than 65% of the total invested assets on a historical cost basis may be placed in equities. Equity holdings in any one corporation may not exceed 5% of the outstanding equity of the issuing corporation. The equity portfolio is managed by the Division of Investment Services (the Division), in conjunction with independent advisors. Buy/sell decisions are based on securities meeting rating criteria established by the Board of Trustees, in-house research considering such things as yield, growth, and sales statistics, and analysis of independent market research. Equity trades are approved and executed by the Division's staff. Common stocks eligible for investment are approved by the Investment Committee of the Board of Trustees before being placed on an approved list. The System held common stocks totaling $7,870,483,513 at June 30, 2010.

The State of Georgia Employee's Deferred Compensation Group Trust (Master Trust) invests in various mutual funds, common collective trust funds, and separate accounts, as selected by participants. Each participant is allowed to select and invest contributions into 3 mutual funds, 7 common collective trust funds, and 4 separate accounts, as authorized by the Board of Trustees. Mutual funds, common collective trust funds, and separate accounts are reported at the fair value of participant balances.

Substantially all of the investments of ERS, PSERS, LRS, SCJRF, GJRS, GMPF, and SEAD are pooled into one common investment fund. Units in the pooled common investment fund are allocated to the respective plans, based upon the cost of assets contributed, and additional units are allocated to the participating plans, based on the market value of the pooled common investment fund at the date of contribution. Net income of the pooled common investment fund is allocated monthly to the participating plans, based upon the number of units outstanding during the month.

The units and fair value of each plan's equity in the pooled common investment fund at June 30, 2010 were as follows (dollars in thousands):

| | Fair value | Units |
|---|---|---|
| Employees' Retirement System | $ 10,942,725 | 4,712,638 |
| Public School Employees Retirement System | 616,219 | 265,383 |
| Legislative Retirement System | 24,810 | 10,685 |
| Georgia Judicial Retirement System | 270,556 | 116,519 |
| State Employees' Assurance Department - Active | 155,913 | 67,146 |
| State Employees' Assurance Department - OPEB | 679,350 | 292,572 |
| Georgia Military Pension Fund | 6,635 | 2,857 |
| Superior Court Judges Retirement Fund | 751 | 323 |
| | $ 12,696,959 | 5,468,123 |

*Credit Risk*. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Employees' Retirement System. State law limits investments to investment grade securities.

# Notes to Financial Statements

It is the System's investment policy to require that the bond portfolio be of high quality and chosen with respect to maturity ranges, coupon levels, refunding characteristics and marketability. The System's policy is to require that new purchases of bonds be restricted to high grade bonds rated no lower than "A" by any nationally recognized statistical rating organization. The quality ratings of investments in fixed income securities as described by Standard & Poor's and by Moody's Investors Service, which are nationally recognized statistical rating organizations, at June 30, 2010 is shown in the following chart.

**Quality Ratings of Fixed Income Investments**
**Held at June 30, 2010**

| Investment Type | Standard & Poor's/ Moody's Quality Rating | June 30,2010 Fair Value |
|---|---|---|
| Domestic obligations: | | |
| U.S. Treasuries | | $ 2,673,778,920 |
| U.S. Agencies | AAA/Aaa | 244,955,380 |
| Corporates | AAA/Aaa | 63,056,880 |
| | AA/Aa | 846,828,750 |
| | AA/A | 282,956,070 |
| | A/A | 109,872,700 |
| Total Corporates | | 1,302,714,400 |
| International obligations: | | |
| Governments | AAA/Aaa | 95,426,370 |
| | AA/Aa | 100,473,520 |
| Total Governments | | 195,899,890 |
| Corporates | AA/Aaa | 88,326,750 |
| Total Fixed Income Investments | | $ 4,505,675,340 |

The investment policy requires that repurchase agreements be limited to the purchase of U.S. Treasury or Agency obligations or corporate bonds rated no lower than "A" by any nationally recognized statistical rating organization with a market value in excess of funds advanced. As of June 30, 2010, the System held repurchase agreements of $377,116,000.

Mutual funds, common collective trust funds, and separate accounts investments of the deferred compensation plans are not considered to have credit risk and do not require disclosure of credit risk rating.

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. On June 30, 2010, the System did not have debt or equity investments in any one organization, other than those issued or guaranteed by the U. S. Government or its agencies, which represented greater than 5% of plan net assets.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. While the System has no formal interest rate risk policy, active management of the bond portfolio incorporates interest rate risk to generate improved returns. This risk is managed within the portfolio using the effective duration method. This method is widely used in the management of fixed income portfolios and quantifies to a much greater degree the sensitivity to interest rate changes when analyzing a bond portfolio with call options, prepayment provisions, and any other cash flows. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows and is best utilized to gauge the effect of a change in interest rates on the fair value of a portfolio. It is believed that the reporting of effective duration found in the following table quantifies to the fullest extent possible the interest rate risk of the System's fixed income assets.

# Notes to Financial Statements

**Effective Duration of Fixed Income Assets and Repurchase Agreements by Security Type**

| Fixed Income and Repurchase Agreements Security Type | Market Value June 30, 2010 | Percent of All Fixed Income Assets and Repurchase Agreements | Effective Duration (Years) |
|---|---|---|---|
| Domestic obligations: | | | |
| U.S. Treasuries | $ 2,673,778,920 | 54.8% | 6.0 |
| U.S. Agencies | 244,955,380 | 5.0 | 2.0 |
| Corporates | 1,302,714,400 | 26.7 | 4.3 |
| International Obligations: | | | |
| Governments | 195,889,890 | 4.0 | 4.3 |
| Corporates | 88,326,750 | 1.8 | 3.0 |
| Repurchase Agreements | 377,116,000 | 7.7 | —* |
| Total | $ 4,882,791,340 | 100.0% | 4.8* |

**Total Effective Duration (Years) does not include Repurchase Agreements*

Mutual funds, common collective trust funds, and separate investments of the deferred compensation plans are not considered to have interest rate risk and do not require disclosure of interest rate risk.

## (5) *Investment Lending Program*

State statutes and Board of Trustees policies permit the System to lend its securities to broker-dealers with a simultaneous agreement to return the collateral for the same securities in the future. The System is presently involved in a securities lending program with major brokerage firms. The System lends equity and fixed income securities for varying terms and receives a fee based on the loaned securities' value.

During a loan, the System continues to receive dividends and interest as the owner of the loaned securities. The brokerage firms pledge collateral securities consisting of U.S. Government and agency securities, mortgage-backed securities issued by a U.S. Government agency, and corporate bonds. The collateral value must be equal to at least 102% to 115% of the loaned securities' value, depending on the type of collateral security.

Securities loaned totaled $3,537,760,045 at fair value at June 30, 2010. The collateral value was equal to 105.7% of the loaned securities' value at June 30, 2010. The System's lending collateral was held in the System's name by the tri-party custodian.

Loaned securities are included in the accompanying combined statement of net assets since the System maintains ownership. The related collateral securities are not recorded as assets on the System's combined statements of net assets, and a corresponding liability is not recorded, since the System is deemed not to have the ability to pledge or trade the collateral securities. The System is deemed not to have the ability to pledge or sell the collateral securities, since the System's lending contracts do not address whether the lender can pledge or sell the collateral securities without a borrower default, the System has not previously demonstrated that ability, and there are no indications of the System's ability to pledge or sell the collateral securities.

## (6) *Operating Leases*

The System leases copier machines and mailing equipment under long-term, noncancelable operating lease agreements. The leases expire at various dates through 2013 and provide for renewal options ranging from one year to five years. Lease expense totaled $22,228 during 2010. The following is a schedule by years of future minimum rental payments required under operating leases in excess of one year as of June 30, 2010.

# Notes to Financial Statements

| Fiscal Year ending June 30: | |
|---|---|
| 2011 | $ 12,100 |
| 2012 | 8,573 |
| 2013 | 1,267 |
| 2014 | — |
| 2015 | — |
| Total minimum payments required | $ 21,940 |

## (7) *Capital Assets*

The following is a summary of capital assets and depreciation information as of and for the year ended June 30, 2010:

| | Balance at June 30, 2009 | Additions | Disposals | Balance at June 30, 2010 |
|---|---|---|---|---|
| Capital assets: | | | | |
| Land | $ 944,225 | — | — | 944,225 |
| Building | 2,800,000 | — | — | 2,800,000 |
| Equipment | 1,363,979 | 152,116 | — | 1,516,095 |
| Vehicles | 13,381 | — | — | 13,381 |
| Computer software | 14,344,610 | — | — | 14,344,610 |
| | 19,466,195 | 152,116 | — | 19,618,311 |
| Accumulated depreciation for: | | | | |
| Building | (350,000) | (70,000) | — | (420,000) |
| Equipment | (745,108) | (212,959) | — | (958,067) |
| Vehicles | (4,633) | (1,911) | — | (6,544) |
| Computer software | (8,575,953) | (2,868,921) | — | (11,444,874) |
| | (9,675,694) | (3,153,791) | — | (12,829,485) |
| Capital assets, net | $ 9,790,501 | (3,001,675) | — | 6,788,826 |

During fiscal year 2010, the System did not experience any capital asset impairment loss with respect to the provisions of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.*

## (8) *Commitments and Contingencies*

**Employees' Retirement System of Georgia**

In January 2007, multiple retirees filed a civil action in Fulton County Superior Court against the Employees' Retirement System of Georgia (ERS) seeking additional benefits retroactive to the time of their retirement dates for a class of those retirees who elected survivorship options and who retired during the preceding twenty-year period. Plaintiffs alleged that ERS did not use updated mortality tables in the calculation of their benefits. These claims were identical to those brought against the Teachers Retirement System of Georgia (TRS) under class action, by the same attorneys, in 2004. On February 19, 2009, the Court of Appeals issued a final ruling against TRS in favor of the plaintiffs and also denied the parties' motions for reconsideration. Because of this final decision against TRS, ERS has conceded liability on the breach of contract claim.

At June 30, 2009 management estimated a liability of approximately $43 million based on the final judgment and estimated final payments. At June 30, 2010, there is no remaining liability related to this action.

The System is subject to legal actions in the ordinary course of its business. In the opinion of management, the System has adequate legal defenses with respect to such actions and their final outcome will not have a material adverse effect upon the financial status of the System.

# Notes to Financial Statements

**Public School Employees Retirement System**

On August 7, 2008, multiple retirees filed a civil action in Fulton County Superior Court against Public School Employees Retirement (PSERS) seeking additional benefits retroactive to the time of their retirement dates for a class of those retirees who elected survivorship options and who retired during the preceding twenty-year period. The case asserts the same claims as were asserted against the TRS and ERS above. Because of the final decision against TRS, PSERS has conceded liability on the breach of contract claim.

At June 30, 2009, management estimated a liability of approximately $856,000 related to retroactive benefits and related attorneys' fees. At June 30, 2010 there is no remaining liability related to this action.

## (9) *Funded Status and Funding Progress*

The funded status of each plan as of June 30, 2009, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

| | Actuarial value of plan assets (a) | Actuarial accrued liability (AAL) entry age (b) | Unfunded AAL/(funding excess) (b-a) | Funding ratio (a/b) | Annual covered payroll (c) | Unfunded AAL/(funding excess) as percentage of covered payroll [(b-a)/c] |
|---|---|---|---|---|---|---|
| ERS | $ 13,613,606 | 15,878,022 | 2,264,416 | 85.7% | $ 2,674,155 | 84.7 % |
| PSERS[1] | 769,618 | 823,232 | 53,614 | 93.5 | N/A | N/A |
| LRS | 30,303 | 23,523 | (6,780) | 128.8 | 3,780 | (179.4) |
| GJRS | 317,624 | 282,474 | (35,150) | 112.4 | 52,083 | (67.5) |
| GMPF[2] | 6,413 | 21,021 | 14,608 | 30.5 | N/A | N/A |

1 No statistics regarding covered payroll are available. Contributions are not based upon members' salaries, but are simply $4.00 per member per month for nine months each fiscal year.

2 No statistics regarding covered payroll are available. Active and inactive plan member information is maintained by the Georgia Department of Defense.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plans assets are increasing or decreasing over time relative to the AALs for benefits.

# Notes to Financial Statements

Additional information as of the latest actuarial valuation follows:

| | ERS | PSERS | LRS |
|---|---|---|---|
| Valuation date | June 30, 2009 | June 30, 2009 | June 30, 2009 |
| Actuarial cost method | Entry age | Entry age | Entry age |
| Amortization method | Level percent of pay, open | Level dollar, open | Level dollar, open |
| Remaining amortization period | 30 years | 30 years | N/A |
| Asset valuation method | 7-year smoothed market | 7-year smoothed market | 7-year smoothed market |
| Actuarial assumptions | | | |
| Investment rate of return[1] | 7.50% | 7.50% | 7.50% |
| Projected salary increases[1] | 5.45-9.25% | N/A | N/A |
| Postretirement cost-of-living adjustment | None | 3.00% annually | 3.00% annually |

| | GJRS | GMPF |
|---|---|---|
| Valuation date | June 30, 2009 | June 30, 2009 |
| Actuarial cost method | Entry age | Entry age |
| Amortization method | Level percent of pay, open | Level dollar, open |
| Remaining amortization period | 10 years | 20 years |
| Asset valuation method | 7-year smoothed market | 7-year smoothed market |
| Actuarial assumptions | | |
| Investment rate of return[1] | 7.50% | 7.50% |
| Projected salary increases[1] | 6.00% | N/A |
| Postretirement cost-of-living adjustment | None | None |

1 Includes inflation rate of 3.75% in 2010.

# Required Supplementary Schedules (UNAUDITED)

## Schedules of Funding Progress

(In thousands)

| | Actuarial valuation date | Actuarial value of plan assets (a) | Actuarial accrued liablility (AAL) entry age (b) | Unfunded AAL/ (funding excess) (b-a) | Funding ratio (a/b) | Annual covered payroll (c) | Unfunded AAL/ (funding excess) as percentage of covered payroll [(b-a)/c] |
|---|---|---|---|---|---|---|---|
| **Employees' Retirement System** | 6/30/2004 | $ 12,797,389 | 13,106,648 | 309,259 | 97.6 % | $ 2,445,619 | 12.6 % |
| | 6/30/2005 | 13,134,472 | 13,512,773 | 378,301 | 97.2 | 2,514,430 | 15.0 |
| | 6/30/2006 | 13,461,132 | 14,242,845 | 781,713 | 94.5 | 2,630,167 | 29.7 |
| | 6/30/2007 | 13,843,689 | 14,885,179 | 1,041,490 | 93.0 | 2,680,972 | 38.8 |
| | 6/30/2008 | 14,017,346 | 15,680,857 | 1,663,511 | 89.4 | 2,809,199 | 59.2 |
| | 6/30/2009 | 13,613,606 | 15,878,022 | 2,264,416 | 85.7 | 2,674,155 | 84.7 |
| **Public School Employees Retirement System[1]** | 6/30/2004 | 743,815 | 666,883 | (76,932) | 111.5 | N/A | N/A |
| | 6/30/2005 | 753,767 | 671,040 | (82,727) | 112.3 | N/A | N/A |
| | 6/30/2006 | 766,277 | 691,651 | (74,626) | 110.8 | N/A | N/A |
| | 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 |
| **Legislative Retirement System** | 6/30/2004 | 27,892 | 22,023 | (5,869) | 126.6 | 3,402 | (172.5) |
| | 6/30/2005 | 28,462 | 23,531 | (4,931) | 121.0 | 3,586 | (137.5) |
| | 6/30/2006 | 29,172 | 23,407 | (5,765) | 124.6 | 3,602 | (160.0) |
| | 6/30/2007 | 30,049 | 24,357 | (5,692) | 123.4 | 3,688 | (154.3) |
| | 6/30/2008 | 30,706 | 24,454 | (6,252) | 125.6 | 3,778 | (165.5) |
| | 6/30/2009 | 30,303 | 23,523 | (6,780) | 128.8 | 3,780 | (179.4) |
| **Georgia Judicial Retirement System** | 6/30/2004 | 250,313 | 196,502 | (53,811) | 127.4 | 40,908 | (131.5) |
| | 6/30/2005 | 264,924 | 213,060 | (51,864) | 124.3 | 42,916 | (120.9) |
| | 6/30/2006 | 279,564 | 229,837 | (49,727) | 121.6 | 45,308 | (109.8) |
| | 6/30/2007 | 297,090 | 249,278 | (47,812) | 119.2 | 48,621 | (98.3) |
| | 6/30/2008 | 313,315 | 268,516 | (44,799) | 116.7 | 51,102 | (87.7) |
| | 6/30/2009 | 317,624 | 282,474 | (35,150) | 112.4 | 52,083 | (67.5) |
| **Georgia Military Pension Fund[2]** | 6/30/2004 | 1,250 | 12,343 | 11,093 | 10.1 | N/A | N/A |
| | 6/30/2005 | 2,176 | 14,454 | 12,278 | 15.1 | N/A | N/A |
| | 6/30/2006 | 3,100 | 17,625 | 14,525 | 17.6 | N/A | N/A |
| | 6/30/2007 | 4,165 | 19,887 | 15,722 | 20.9 | N/A | N/A |
| | 6/30/2008 | 5,269 | 19,124 | 13,855 | 27.6 | N/A | N/A |
| | 6/30/2009 | 6,413 | 21,021 | 14,608 | 30.5 | N/A | N/A |

This data, except for annual covered payroll, was provided by the System's actuary.

[1] No statistics regarding covered payroll are available. Contributions are not based upon members' salaries, but are simply $4.00 per member per month for nine months each fiscal year.

[2] No statistics regarding covered payroll are available. Active and inactive plan member information is maintained by the Georgia Department of Defense.

See accompanying notes to required supplementary schedules and accompanying independent auditors' report.

# Required Supplementary Schedules (UNAUDITED)

## Schedules of Employer Contributions
(In thousands)

| | Year ended June 30 | State annual required contribution | Percentage contributed |
|---|---|---|---|
| Employees' Retirement System | 2004 | $ 245,388 | 100% |
| | 2005 | 243,074 | 100 |
| | 2006 | 258,482 | 100 |
| | 2007 | 270,141 | 100 |
| | 2008 | 286,256 | 100 |
| | 2009 | 281,206 | 100 |
| Public School Employees Retirement System | 2004 | 833 | 100 |
| | 2005 | 833 | 100 |
| | 2006 | 3,634 | 100 |
| | 2007 | 6,484 | 100 |
| | 2008 | 2,866 | 100 |
| | 2009 | 5,529 | 100 |
| Legislative Retirement System | 2004 | — | N/A |
| | 2005 | — | N/A |
| | 2006 | — | N/A |
| | 2007 | — | N/A |
| | 2008 | — | N/A |
| | 2009 | — | N/A |
| Georgia Judicial Retirement System | 2004 | 1,558 | 100 |
| | 2005 | 1,594 | 100 |
| | 2006 | 1,683 | 100 |
| | 2007 | 1,778 | 100 |
| | 2008 | 2,395 | 100 |
| | 2009 | 1,703 | 100 |
| Georgia Military Pension Fund | 2004 | 617 | 100 |
| | 2005 | 891 | 100 |
| | 2006 | 891 | 100 |
| | 2007 | 1,005 | 100 |
| | 2008 | 1,103 | 100 |
| | 2009 | 1,323 | 100 |

This data was provided by the System's actuary.

See accompanying notes to required supplementary schedules and accompanying independent auditors' report.

# Notes to Required Supplementary Schedules

*June 30, 2010*

(1) **Schedule of Funding Progress**
The actuarial value of assets recognizes a portion of the difference between the fair value of assets and the expected actuarial value of assets, based on the assumed valuation rate of return. The amount recognized each year is 1/7th of the difference between fair value and expected actuarial value.

(2) **Schedule of Employer Contributions**
The required employer contributions and percent of those contributions actually made are presented in the schedule.

(3) **Actuarial Assumptions**
The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information from the actuarial valuations for the most recent two- year period is as follows:

| | | |
|---|---|---|
| Employees' Retirement System: | | |
| Valuation date | June 30, 2009 | June 30, 2008 |
| Actuarial cost method | Entry age | Entry age |
| Amortization method | Level percent of pay, open | Level percent of pay, open |
| Remaining amortization period of the Unfunded actuarial accrued liability | 30 years | 26 years |
| Asset valuation method | 7-year smoothed market | 7-year smoothed market |
| Actuarial assumptions: | | |
| Investment rate of return[1] | 7.50% | 7.50% |
| Projected salary increases[1] | 5.45-9.25% | 5.45-9.25% |
| Post-retirement cost-of-living adjustment | None | None |

| | | |
|---|---|---|
| Public School Employees Retirement System: | | |
| Valuation date | June 30, 2009 | June 30, 2008 |
| Actuarial cost method | Entry age | Entry age |
| Amortization method | Level dollar, open | Level dollar, open |
| Remaining amortization period of the Funding Excess | 30 years | 10 years |
| Asset valuation method | 7-year smoothed market | 7-year smoothed market |
| Actuarial assumptions: | | |
| Investment rate of return[1] | 7.50% | 7.50% |
| Projected salary increases | N/A | N/A |
| Post-retirement cost-of-living adjustment | 3% annually | 3% annually |

1 *Includes inflation rate of 3.75% in 2009 and 3.75% in 2010.*

# Notes to Required Supplementary Schedules

| | | |
|---|---|---|
| Legislative Retirement System: | | |
| Valuation date | June 30, 2009 | June 30, 2008 |
| Actuarial cost method | Entry age | Entry age |
| Amortization method | Level dollar, open | Level dollar, open |
| Remaining amortization period of the Funding Excess | N/A | N/A |
| Asset valuation method | 7-year smoothed market | 7-year smoothed market |
| Actuarial assumptions: | | |
| Investment rate of return[1] | 7.50% | 7.50% |
| Projected salary increases | N/A | N/A |
| Post-retirement cost-of-living adjustment | 3% annually | 3% annually |

| | | |
|---|---|---|
| Georgia Judicial Retirement System: | | |
| Valuation date | June 30, 2009 | June 30, 2008 |
| Actuarial cost method | Entry age | Entry age |
| Amortization method | Level percent of pay, open | Level percent of pay, open |
| Remaining amortization period of the Funding Excess | 10 years | 14 years |
| Asset valuation method | 7-year smoothed market | 7-year smoothed market |
| Actuarial assumptions: | | |
| Investment rate of return[1] | 7.50% | 7.50% |
| Projected salary increases[1] | 6.00% | 6.00% |
| Post-retirement cost-of-living adjustment | None | None |

| | | |
|---|---|---|
| Georgia Military Pension Fund: | | |
| Valuation date | June 30, 2009 | June 30, 2008 |
| Actuarial cost method | Entry age | Entry age |
| Amortization method | Level dollar, open | Level dollar, open |
| Remaining amortization period of the Unfunded actuarial accrued liability | 20 years | 30 years |
| Asset valuation method | 7-year smoothed market | 7-year smoothed market |
| Actuarial assumptions: | | |
| Investment rate of return[1] | 7.50% | 7.50% |
| Projected salary increases | N/A | N/A |
| Post-retirement cost-of-living adjustment | None | None |

1 *Includes inflation rate of 3.75% in 2009 and 3.75% in 2010.*

# Additional Information

## Administrave Expenses Schedule - Contributions and Expenses

Year ended June 30 2010, with comparative amounts for the Year Ended June 30, 2009
(In thousands)

| | | 2010 | 2009 |
|---|---|---|---|
| Contributions: | | | |
| Employees' Retirement System | $ | 14,505 | 16,809 |
| Public School Employees Retirement System | | 1,956 | 588 |
| Legislative Retirement System | | 120 | 110 |
| Georgia Judicial Retirement System | | 270 | 175 |
| State Employees' Assurance Department - Active | | 22 | 22 |
| State Employees' Assurance Department - OPEB | | 203 | 203 |
| Georgia Defined Contribution Plan | | 1,110 | 310 |
| 401(k) Plan | | 829 | 1,028 |
| 457 Plan | | 2,115 | 1,769 |
| Georgia Military Pension Fund | | 43 | — |
| Superior Court Judges Retirement Fund | | 6 | 24 |
| District Attorneys Retirement Fund | | 1 | 6 |
| Total contributions | | 21,180 | 21,044 |
| Expenses: | | | |
| Personal services: | | | |
| Salaries and wages | | 5,045 | 4,887 |
| Retirement contributions | | 514 | 511 |
| FICA | | 358 | 354 |
| Health insurance | | 1,043 | 621 |
| Miscellaneous | | 35 | 33 |
| | | 6,995 | 6,406 |
| Communications: | | | |
| Postage | | 146 | 167 |
| Publications and printing | | 25 | 47 |
| Telecommunications | | 78 | 86 |
| Travel | | 15 | 15 |
| | | 264 | 315 |
| Professional Services: | | | |
| Accounting and investment services | | 5,044 | 4,802 |
| Computer services | | 1,547 | 1,565 |
| Contracts | | 2,528 | 2,538 |
| Actuarial services | | 324 | 482 |
| Medical services | | 164 | 153 |
| Professional fees | | 150 | 115 |
| Legal services | | 74 | 131 |
| | | 9,831 | 9,786 |
| Management fees: | | | |
| Building maintenance | | 636 | 636 |
| Other services and charges: | | | |
| Temporary services | | 125 | 521 |
| Supplies and materials | | 71 | 147 |
| Repairs and maintenance | | 41 | 41 |
| Courier services | | 11 | 14 |
| Depreciation | | 3,154 | 3,125 |
| Miscellaneous | | 48 | 49 |
| Office equipment | | 4 | 4 |
| | | 3,454 | 3,901 |
| Total expenses | | 21,180 | 21,044 |
| Net income | $ | — | — |

See accompanying independent auditors' report.

# Additional Information

## Schedule of Investment Expenses

Year Ended June 30, 2010, with comparative amounts for the Year Ended June 30, 2009

| | | 2010 | 2009 |
|---|---|---|---|
| Investment Advisory and Custodial Fees | $ | 6,005,549 | 4,931,856 |
| Miscellaneous | | 3,541,749 | 4,502,969 |
| Total Investment Expenses | $ | 9,547,298 | 9,434,825 |

See accompanying independent auditors' report.

# Investment Section

ERSGA
Employees' Retirement System of Georgia
*Serving those who serve Georgia*

## Investment Overview

While the past year was less eventful than the prior year and returns were positive, the sovereign debt crisis emanating from Greece demonstrated that stock markets are still vulnerable to periods of bad news. There are undoubtedly large problems that need to be resolved, but many parts of the world economy are correcting the prior excesses. So as we cycle between episodes of good news and bad news, the financial markets will likely continue to fluctuate.

This pattern is not a new phenomenon and it is easy to get caught up in the latest headlines, but as a pension plan it is more important to stay focused on the long-term. The System continues to invest in a mix of liquid, high quality bonds and stocks. These types of investments allow the System to participate in rising markets while moderating the risks on the downside. A high quality balanced fund has proven to be a successful strategy in a variety of markets over a long period of time.

As in previous years, the bias to quality was a primary goal and was successfully met. "Conservation of Capital" and "Conservatism" continue to be the principal guides in investment decisions. The Board of Trustees continues to use a diversified portfolio to accomplish these objectives.

The economy rebounded during the past fiscal year, although the pace of growth was slowing towards the end of the period. The improvement in housing will likely continue to be slow and uneven as excess inventory and more foreclosures dampen housing starts and prices. Growth in employment, or rather the lack thereof, remains the largest single factor plaguing the economy. The unemployment rate does not appear to be increasing, but neither is it decreasing and remains mired at year ago levels of 9.5%. The real bright spot has been corporate profits, which rose 38%, as companies slashed costs and benefitted from a rebound in business and consumer spending.

Studies undertaken to evaluate the investment returns of pension funds over very long time horizons indicate that the asset allocation decision has the most impact on the fund's returns. Although the returns for the various asset categories vary from year to year, over the long term equities usually outperform fixed income and cash by a very wide margin. For that reason, the System has generally maintained a maximum equity exposure with the remainder of the fund in fixed income securities designed to generate income and preserve capital.

Returns for one, three, five, ten and twenty year periods are presented in this section. The longer time periods, such as the twenty-year period, allow for more valid evaluation of returns, both in absolute terms and relative to an asset class index, by reducing emphasis on the short-term volatility of markets. The Daily Valuation Method was used to calculate rates of return which is in accordance with the CFA Institute's objectives as stated in its publication "Global Investment Performance Standards Handbook," second edition.

Equity markets rebounded nicely during the fiscal year. The return for the S&P 500 Index was 14.4%. The Dow Jones Industrial Average Index rose 18.9%. Among individual companies, returns varied depending upon the company's size, industry, and exposure to global markets. The MSCI EAFE Index returned 5.9% and the MSCI Emerging Market Index returned 23.2%.

In a change from last year, large and small capitalization domestic stocks underperformed. The S&P 400 Mid Capitalization Index outperformed both the S&P 500 and S&P 600 with a return of 24.9%. The S&P 600 Small Capitalization Index rose 23.6%, well above its ten-year average return of 5.6%, and also above the S&P 500's 14.4%.

These overall returns can be explained primarily by massive central bank and fiscal stimulus, which led to economic growth and rapidly increasing corporate profits. The improved foreign returns can be attributed to many of the same reasons and also the strong emerging market economies providing some offset to the more debt laden, slower growing economies of Europe and Japan.

Returns for the fixed income markets were above average this year. Yields on long-term Treasury bonds began the period at 4.3% and ended at the low of the year of 3.9%, after rapidly falling from a high of 4.8% in early April. Overall the ten-year U.S. Treasury note returned 8.3% and the thirty-year U.S. Treasury bond returned 11.3%. Short-term Treasury bills only returned 0.1%.

Our primary benchmark, the Barclays Government/Credit Index rose 9.6%. It is a shorter maturity index containing higher yielding corporate bonds as well as Treasuries. Higher quality bonds underperformed lower quality bonds as evidenced by the 8.9% return for AAA & AA rated bonds versus 18.3% for BBB rated bonds.

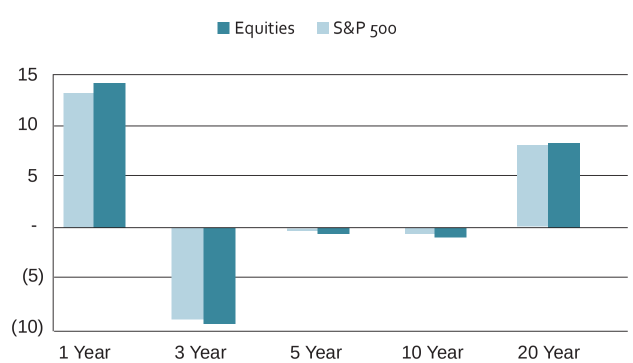
In summary, the investment status of the System is excellent. The high quality of the System's investments is in keeping with the continued policy of "Conservatism" and "Conservation of Capital."

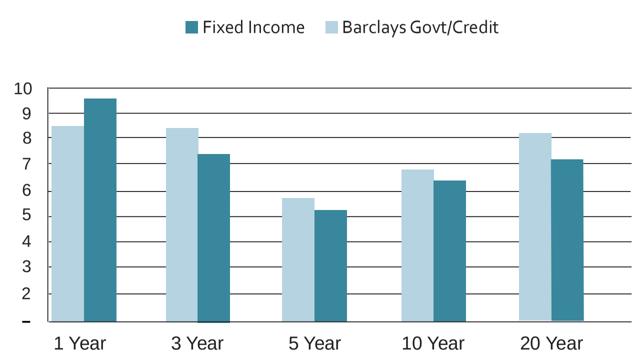
**Prepared by the Division of Investment Services**

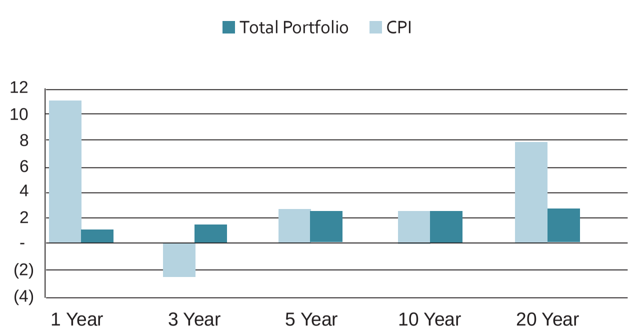
## Pooled Investment Fund
*As of June 30, 2010*

| | | |
|---|---|---|
| Employees' Retirement System (ERS) | $ | 10,942,725,108 |
| Public School Employees Retirement System (PSERS) | | 616,218,860 |
| Legislative Retirement System (LRS) | | 24,810,454 |
| Georgia Judicial Retirement System (GJRS) | | 270,556,084 |
| State Employees' Assurance Department (SEAD) - Active | | 155,912,770 |
| State Employees' Assurance Department (SEAD) - OPEB | | 679,349,836 |
| Georgia Military Pension Fund (GMPF) | | 6,634,963 |
| Superior Court Judges Retirement Fund (SCJRF) | | 750,957 |
| **Total** | $ | 12,696,959,032 |

## Rates of Return




**Note: Rates of return are calculated using the Daily Valuation Method based on market rates of return.**

## Asset Allocation at Fair Value


## Investment Summary

### Asset Allocation as of June 30 (in percentages)

| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|
| Equities | 57.8% | 52.3 | 55.6 | 59.5 | 58.6 | 56.8 |
| Fixed Income | 33.0 | 39.8 | 37.2 | 31.0 | 35.3 | 37.2 |
| Short-Term Securities | 2.8 | 1.8 | 1.5 | 4.0 | 0.8 | 1.1 |
| Mutual and Common Collective Trust Funds and Separate Accounts | 6.4 | 6.1 | 5.7 | 5.5 | 5.3 | 4.9 |
| **Total** | **100%** | **100** | **100** | **100** | **100** | **100** |

### Asset Allocation as of June 30 (in millions)

| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|
| Equities | $ 7,870 | 6,857 | 8,947 | 10,307 | 9,253 | 8,786 |
| Fixed Income | 4,506 | 5,212 | 6,000 | 5,374 | 5,585 | 5,769 |
| Short-Term Securities | 377 | 236 | 244 | 700 | 121 | 170 |
| Mutual and Common Collective Trust Funds and Separate Accounts | 867 | 799 | 915 | 953 | 843 | 756 |
| **Total** | **$ 13,620** | **13,104** | **16,106** | **17,334** | **15,802** | **15,481** |

## Schedule of Fees and Commissions

*For the Year Ended June 30, 2010*

| | | |
|---|---|---|
| **Investment Advisors' Fees:*** | | |
| U.S. Equity | $ | 3,814,470 |
| International Equity | | 1,798,126 |
| Fixed Income | | — |
| **Investment Commissions:** | | |
| U.S. Equity | | 2,629,885 |
| International Equity | | 1,873,324 |
| **SEC Fees:** | | 42,393 |
| **Miscellaneous:*** | | 3,934,702 |
| **Total Fees and Commissions** | $ | 14,092,900 |

*Amount included in total investment expenses shown on page 44.

## Twenty Largest Equity Holdings †

*As of June 30, 2010*

| Shares | Company | | Fair Value |
|---|---|---|---|
| 527,548 | Apple Inc. | $ | 132,694,148 |
| 2,263,506 | Exxon Mobil Corp. | | 129,178,290 |
| 3,499,894 | Microsoft Corp. | | 80,532,561 |
| 1,337,860 | Johnson & Johnson | | 79,014,012 |
| 591,461 | International Business Machines Corp. | | 73,033,604 |
| 1,205,888 | Procter & Gamble Co. | | 72,329,162 |
| 1,046,519 | Chevron Corp. | | 71,016,779 |
| 1,931,388 | JPMorgan Chase & Co. | | 70,708,115 |
| 4,855,406 | Bank of America Corp. | | 69,772,184 |
| 1,605,291 | Hewlett-Packard Co. | | 69,476,994 |
| 4,635,770 | General Electric Co. | | 66,847,803 |
| 2,526,243 | Wells Fargo & Co. | | 64,671,821 |
| 140,520 | Google Inc. | | 62,524,374 |
| 2,582,819 | AT&T Inc. | | 62,478,392 |
| 1,293,814 | Wal-Mart Stores Inc. | | 62,193,639 |
| 2,790,854 | Cisco Systems Inc. | | 59,473,099 |
| 1,159,545 | Coca Cola Co. | | 58,116,395 |
| 3,999,956 | Pfizer Inc. | | 57,039,373 |
| 697,300 | Berkshire Hathaway Inc. | | 55,567,837 |
| 870,186 | PepsiCo Inc. | | 53,037,837 |
| | **Top 20 Equities** | **$** | **1,449,706,419** |
| | **Remaining Equities** | | **6,420,777,094** |
| | **Total Equities** | **$** | **7,870,483,513** |

†A complete listing is available upon written request, subject to restrictions of O.C.G.A Section 47-1-14.

## Fixed Income Holdings*

*As of June 30, 2010*

| Issuer | Year of Maturity | Interest Rate | Par Value | Fair Value |
|---|---|---|---|---|
| US TREAS. NOTE | 2016 | 2.625 | $ 370,000,000 | $ 380,667,100 |
| US TREAS. NOTE | 2016 | 3.250 | 287,000,000 | 304,377,850 |
| US TREAS. NOTE | 2013 | 2.750 | 284,000,000 | 298,887,280 |
| US TREAS. NOTE | 2019 | 3.375 | 240,000,000 | 248,568,000 |
| US TREAS. NOTE | 2013 | 3.125 | 224,000,000 | 238,490,560 |
| US TREAS. NOTE | 2013 | 1.750 | 232,000,000 | 237,273,360 |
| US TREAS. BOND | 2028 | 5.250 | 194,000,000 | 233,496,460 |
| FHLMC | 2012 | 1.125 | 229,000,000 | 230,646,510 |
| GENERAL ELECTRIC CAP CORP | 2011 | 4.110 | 174,000,000 | 177,526,980 |
| GENERAL ELECTRIC CAP CORP | 2020 | 5.550 | 164,000,000 | 172,696,920 |
| US TREAS. NOTE | 2014 | 2.375 | 167,000,000 | 172,492,630 |
| PFIZER INC | 2015 | 5.350 | 131,000,000 | 148,419,070 |
| US TREAS. NOTE | 2018 | 3.500 | 131,000,000 | 140,036,380 |
| WELLS FARGO & COMPANY | 2011 | 4.000 | 131,000,000 | 134,537,000 |
| US TREAS. NOTE | 2017 | 3.125 | 121,000,000 | 126,549,060 |
| UNITED PARCEL SERVICE | 2019 | 5.125 | 109,000,000 | 124,430,040 |
| GENERAL ELECTRIC CAP CORP | 2013 | 5.400 | 109,000,000 | 118,815,450 |
| VERIZON WIRELESS | 2014 | 5.550 | 98,000,000 | 109,872,700 |
| US TREAS. BOND | 2036 | 4.500 | 97,000,000 | 107,154,930 |
| US TREAS. NOTE | 2017 | 4.500 | 90,000,000 | 102,389,400 |
| GENERAL ELECTRIC CAP CORP | 2026 | 5.550 | 105,000,000 | 100,766,400 |
| ONTARIO (PROVINCE OF) | 2015 | 2.950 | 98,000,000 | 100,473,520 |
| EUROPEAN INVESTMENT BANK | 2015 | 2.875 | 93,000,000 | 95,426,370 |
| BERKSHIRE HATHAWAY FIN CORP | 2012 | 5.125 | 87,000,000 | 93,690,300 |
| ROYAL BANK OF CANADA | 2013 | 2.100 | 87,000,000 | 88,326,750 |
| US TREAS. NOTE | 2012 | 3.875 | 66,000,000 | 70,893,240 |
| JOHNSON AND JOHNSON | 2017 | 5.550 | 54,000,000 | 63,056,880 |
| 3M COMPANY | 2012 | 4.650 | 54,000,000 | 58,902,660 |
| **ERS Fixed Income Securities** | | | **$ 4,226,000,000** | **$ 4,478,863,800** |
| **Defined Contribution Fixed Income Securities** | | | **26,000,000** | **26,811,540** |
| **Total ERS and Defined Contribution Fixed Income Securities** | | | **$ 4,252,000,000** | **$ 4,505,675,340** |

*A complete listing is available upon written request, subject to restrictions of O.C.G.A Section 47-1-14.

# Actuarial Section

ERSGA

Employees' Retirement System of Georgia

*Serving those who serve Georgia*

ERS

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

3550 Busbee Pkwy, Suite 250
Kennesaw, GA
Phone (678) 388-1700 • Fax (678) 388-1730
www.CavMacConsulting.com

April 15, 2010

Board of Trustees
Employees' Retirement System of Georgia
Two Northside 75, Suite 300
Atlanta, GA 30318-7778

Attention: Ms. Pamela Pharris, Executive Director

Members of the Board:

Section 47-2-26 of the law governing the operation of the Employees' Retirement System of Georgia provides that the actuary shall make annual 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, 2009. The report indicates that annual employer contributions at the rate of 6.88% of compensation for Old Plan Members, 11.63% of compensation for New Plan Members, and 7.42% for GSEPS Members for the fiscal year ending June 30, 2012 are sufficient to support the benefits of the System.

In preparing the valuation, the actuary relied on data provided by the System. While not verifying data at the source, the actuary performed tests for consistency and reasonableness. Our firm, as actuary, is responsible for all of the actuarial trend data in the financial section of the annual report and the supporting schedules in the actuarial section of the annual report.

In our opinion, the valuation is complete and accurate, and the methodology and assumptions are reasonable as a basis for the valuation. The valuation takes into account the effect of all amendments to the System enacted through the 2009 session of the General Assembly, as well as the one-time bonus payment to retired members and beneficiaries made in October 2009.

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) StatementNos. 25 and 27. The funding objective of the plan is that contribution rates over time will remain level as a percent of payroll. 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 percent of payroll. Gains and losses are reflected in the unfunded accrued liability which is being amortized as a level percent of payroll within a 30-year period.

The System is being funded in conformity with the minimum funding standard set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law. In our opinion the System is operating on an actuarially sound basis. Assuming that contributions to the System are made by the employer from year to year in the future at the rates recommended on the basis of the successive 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 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
EAM:bdm

Cathy Turcot
Principal and Managing Director

PSERS

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June 24, 2010

Board of Trustees
Employees' Retirement System of Georgia
Two Northside 75, Suite 300
Atlanta, GA 30318-7778

Attention: Ms. Pamela Pharris, 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, 2009. Based on a monthly benefit accrual rate of $14.75 effective July 1, 2008, the valuation indicates that annual employer contributions of $15,884,000 or $391.42 per active member for the fiscal year ending June 30, 2012 are sufficient to support the benefits of the System.

In preparing the valuation, the actuary relied on data provided by the System. While not verifying data at the source, the actuary performed tests for consistency and reasonableness. Our firm, as actuary, is responsible for all of the actuarial trend data in the financial section of the annual report and the supporting schedules in the actuarial section of the annual report.

In our opinion, the valuation is complete and accurate, and the methodology and assumptions are reasonable as a basis for the valuation. The valuation takes into account the effect of all amendments to the System enacted through the 2009 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.

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. However, it is our understanding that the legislature has appropriated an amount less than the annual required contribution (ARC) for fiscal year ending June 30, 2011. At that time, the System will not be funded in conformity with the minimum funding standards and will not be operating on an actuarial 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
EAM:mjn

Cathy Turcot
Principal and Managing Director

**GJRS**

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June 24, 2010

Board of Trustees
Employees' Retirement System of Georgia
Two Northside 75, Suite 300
Atlanta, GA 30318-7778

Attention: Ms. Pamela Pharris, Executive Director

Members of the Board:

Section 47-23-21 of the law governs the operation of the Georgia Judicial Retirement System. The actuary makes annual 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, 2009. The report indicates that annual employer contributions at the rate of 3.90% of compensation for the fiscal year ending June 30, 2012 are sufficient to support the benefits of the System.

In preparing the valuation, the actuary relied on data provided by the System. While not verifying data at the source, the actuary performed tests for consistency and reasonableness. Our firm, as actuary, is responsible for all of the actuarial trend data in the financial section of the annual report and the supporting schedules in the actuarial section of the annual report.

In our opinion, the valuation is complete and accurate, and the methodology and assumptions are reasonable as a basis for the valuation. The valuation takes into account the effect of all amendments to the System enacted through the 2009 session of the General Assembly as well as the one-time bonus payment to retired members and beneficiaries made in October 2009.

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 percent of payroll. 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 percent of payroll. Gains and losses are reflected in the unfunded accrued liability which is negative and being amortized as a level percent of payroll within a 10-year period.

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

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
EAM/CT:dmw

Cathy Turcot
Principal and Managing Director

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April 15, 2010

Board of Trustees
Employees' Retirement System of Georgia
Two Northside 75, Suite 300
Atlanta, GA 30318-7778

Attention: Ms. Pamela Pharris, 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, 2009. The report indicates that no annual employer contributions for the fiscal year ending June 30, 2012 are required to support the benefits of the System.

In preparing the valuation, the actuary relied on data provided by the System. While not verifying data at the source, the actuary performed tests for consistency and reasonableness. Our firm, as actuary, is responsible for all of the actuarial trend data in the financial section of the annual report and the supporting schedules in the actuarial section of the annual report.

In our opinion, the valuation is complete and accurate, and the methodology and assumptions are reasonable as a basis for the valuation. The valuation takes into account the effect of all amendments to the System enacted through the 2009 session of the General Assembly.

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

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

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
EAM/CT:dmw

Cathy Turcot
Principal and Managing Director

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August 19, 2010

Board of Trustees
Employees' Retirement System of Georgia
Two Northside 75, Suite 300
Atlanta, GA 30318-7778

Attention: Ms. Pamela Pharris, 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, 2009. The report indicates that annual employer contributions of $1,521,245 or $126.57 per active member for the fiscal year ending June 30, 2012 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 2009 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 Nos. 25 and 27. The funding objective of the plan is that contribution rates over time will remain level as a percent dollar per active member. The valuation method used is the entry age normal cost method. The normal contribution rate to cover current cost has been determined as a level dollar per active member. Gains and losses are reflected in the unfunded accrued liability which is being amortized as a level dollar per active member within a 20-year period.

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. 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
EAM:mjn

Cathy Turcot
Principal and Managing Director

## SEAD Pre-Retirement

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April 15, 2010

Board of Trustees
Employees' Retirement System of Georgia
Two Northside 75, Suite 300
Atlanta, GA 30318-7778

Attention: Ms. Pamela Pharris, Executive Director

Members of the Board:

Chapters 47-2 and 47-19 of the Code of Georgia which govern the operation of the Georgia Employees' Group Term Life Insurance Plan provide that the actuary shall make periodic valuations of the contingent assets and liabilities of the Insurance Plan on the basis of regular interest and the tables last adopted by the Board of Trustees. In this report, we have determined liabilities for life insurance benefits payable upon death in active service (Pre-Retirement).

We have submitted the report giving the results of the valuation of the Plan prepared as of June 30, 2009. The report indicates that employee contributions at the rate of 0.05% of active payroll for Old Plan members, and 0.02% of active payroll for New Plan members, members of the Legislative Retirement System and members of the Judicial Retirement System are sufficient to support the pre-retirement benefits of the Plan. No employer contribution is required for the fiscal year ending June 30, 2012 for pre-retirement benefits.

The funding method used for this valuation is the unit credit actuarial cost method with projected benefits. Gains and losses are reflected in the unfunded accrued liability. The actuarial assumptions used are in the aggregate reasonably related to the experience under the Plan and to reasonable expectations of anticipated experience under the Plan. In our opinion, the Plan is operating on an actuarially sound basis and the sufficiency of the funds to provide the benefits called for by the Plan 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 Plan.

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
EAM/CT:mjn

Cathy Turcot
Cathy Turcot
Principal and Managing Director

## SEAD Post-Retirement

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April 15, 2010

Board of Trustees
Employees' Retirement System of Georgia
Two Northside 75, Suite 300
Atlanta, GA 30318-7778

Attention: Ms. Pamela Pharris, Executive Director

Members of the Board:

Chapters 47-2 and 47-19 of the Code of Georgia which govern the operation of the Georgia Employees' Group Term Life Insurance Plan provide that the actuary shall make periodic valuations of the contingent assets and liabilities of the Insurance Plan on the basis of regular interest and the tables last adopted by the Board of Trustees. In this report, we have determined liabilities for life insurance benefits payable upon death after retirement (Post-Retirement).

In accordance with GASB 43 and 45, we have determined the liabilities for life insurance benefits payable upon death after retirement. We have submitted the report giving the results of the valuation of the Plan prepared as of June 30, 2009. The report indicates, for post-retirement benefits, the employer annual required contribution for the fiscal year ending June 30, 2012 based on a 30-year amortization period of the unfunded accrued liability is 0.61% of covered payroll.

The funding method used for this valuation is the unit credit actuarial cost method with projected benefits. Gains and losses are reflected in the unfunded accrued liability. The actuarial assumptions used are in the aggregate reasonably related to the experience under the Plan and to reasonable expectations of anticipated experience under the Plan. In our opinion, the Plan is operating on an actuarially sound basis and the sufficiency of the funds to provide the benefits called for by the Plan may be safely anticipated assuming future annual required contributions (ARC) are contributed when due.

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 Plan.

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
EAM/CT:mjn

Cathy Turcot
Cathy Turcot
Principal and Managing Director

The laws governing the Employees' Retirement System and the plans it administers requires an actuary to perform an annual valuation of the soundness of the system. In addition, the actuary must perform at least once every five years an actuarial investigation of the mortality, service and compensation experience of the members and beneficiaries of the System. The latest valuation was performed as of June 30, 2009 based on actuarial assumptions approved by the Board during the last experience study on April 20, 2006. The GMPF's last experience study was approved by the Board on February 19, 2009.

**The more pertinent facts and significant assumptions underlying the computations included in the June 30, 2009 reports are as follows:**

## Summary of Actuarial Assumptions

| | ERS | PSERS | GJRS | LRS | GMPF |
|---|---|---|---|---|---|
| Valuation Date<br>Actuarial Cost Method | June 30, 2009<br>Entry age | June 30, 2009<br>Entry age | June 30, 2009<br>Entry age | June 30, 2009<br>Entry age | June 30, 2009<br>Entry age |
| Amortization Method<br>Amortization Period | Level percent of pay, open<br>30 years | Level dollar, open<br>30 years | Level percent of pay, open<br>10 years | Level dollar, open<br>N/A | Level dollar, open<br>20 years |
| Actuarial Asset<br>Valuation Method | Based on the total fair value income of investments with the excess or shortfall of actual investment income over or under the expected investment return smoothed over 7 years. One-seventh of the excess or shortfall is recognized each year for seven years. | | | | |
| Investment Rate of Return<br>Inflation Rate<br>Projected Salary Increases<br>COLA | 7.50% [1]<br>3.75%<br>5.45-9.25% [1]<br>None | 7.50% [2]<br>3.75%<br>n/a<br>3.0% Annually | 7.50% [2]<br>3.75%<br>6.00% [2]<br>None | 7.50% [2]<br>3.75%<br>n/a<br>3.0% Annually | 7.50% [2]<br>3.75%<br>n/a<br>0% |

[1] Adopted by the Board on 10/11/2005
[2] Adopted by the Board on 6/16/2005

## Rates of Withdrawal Prior to Retirement (Withdrawal, Death, Disability)

### ERS

Representative values of the assumed annual rates of separation other than retirement for non-law enforcement officers are as follows. Special rates of separation apply to law enforcement officers.

| | Annual Rates of Death | | Annual Rates of Disability | |
|---|---|---|---|---|
| Age | Men | Women | Men | Women |
| 20 | .06 % | .03 % | .05 % | .05 % |
| 25 | .07 | .03 | .05 | .05 |
| 30 | .08 | .04 | .05 | .05 |
| 35 | .09 | .06 | .10 | .05 |
| 40 | .13 | .08 | .35 | .14 |
| 45 | .19 | .11 | .77 | .40 |
| 50 | .32 | .17 | 1.30 | .70 |
| 55 | .56 | .29 | 2.00 | 1.20 |
| 60 | 1.02 | .58 | — | — |
| 65 | 1.80 | 1.08 | — | — |
| 69 | 2.60 | 1.50 | — | — |

**Annual Rates of Withdrawal**
**Years of Service**

| | 0-4 | | 5-9 | | 10 & over | |
|---|---|---|---|---|---|---|
| Age | Men | Women | Men | Women | Men | Women |
| 20 | 30.00 % | 28.00 % | — % | — % | — % | — % |
| 25 | 24.00 | 24.00 | 11.00 | 11.00 | — | — |
| 30 | 22.00 | 22.00 | 9.00 | 11.00 | 6.00 | 8.00 |
| 35 | 22.00 | 20.00 | 8.00 | 9.00 | 5.00 | 6.00 |
| 40 | 20.00 | 17.00 | 8.00 | 8.00 | 4.00 | 4.00 |
| 45 | 17.00 | 16.00 | 7.00 | 7.00 | 3.00 | 3.50 |
| 50 | 14.00 | 16.00 | 6.00 | 6.00 | 3.50 | 3.50 |
| 55 | 13.00 | 15.00 | 5.00 | 6.00 | 4.00 | 5.00 |
| 60 | 13.00 | 15.00 | 5.00 | 6.00 | 4.50 | 5.00 |
| 65 | 16.00 | 20.00 | 10.00 | 11.00 | 4.50 | 5.00 |

## PSERS

| | Annual Rates of Death | | Annual Rate of Disability |
|---|---|---|---|
| Age | Men | Women | Both |
| 20 | .06 % | .03 % | — % |
| 25 | .08 | .03 | — |
| 30 | .08 | .04 | — |
| 35 | .10 | .06 | .01 |
| 40 | .15 | .08 | .02 |
| 45 | .23 | .11 | .07 |
| 50 | .40 | .17 | .17 |
| 55 | .71 | .29 | .45 |
| 60 | 1.29 | .58 | .70 |
| 65 | 2.17 | 1.08 | — |

**Annual Rates of Withdrawal**
**Years of Service**

| | 0-4 | | 5-9 | | 10 & over | |
|---|---|---|---|---|---|---|
| Age | Men | Women | Men | Women | Men | Women |
| 20 | 36.00 % | 36.00 % | — % | — % | — % | — % |
| 25 | 31.00 | 28.00 | 19.00 | 18.00 | — | — |
| 30 | 28.00 | 24.00 | 16.00 | 16.00 | 13.00 | 11.00 |
| 35 | 27.00 | 20.00 | 15.00 | 14.00 | 9.00 | 10.00 |
| 40 | 24.00 | 19.00 | 14.00 | 12.50 | 8.00 | 9.00 |
| 45 | 21.00 | 17.50 | 12.50 | 11.00 | 7.00 | 8.00 |
| 50 | 19.50 | 16.00 | 11.00 | 9.50 | 6.50 | 7.00 |
| 55 | 16.00 | 13.00 | 9.00 | 8.00 | 6.00 | 6.00 |

**GJRS**

| | Annual Rates of | | | |
|---|---|---|---|---|
| | Withdrawal | Death | | Disability |
| Age | Both | Men | Women | Both |
| 20 | 13.0 % | .056 % | .029 % | .1 % |
| 25 | 13.0 | .073 | .030 | .1 |
| 30 | 13.0 | .084 | .040 | .2 |
| 35 | 13.0 | .089 | .055 | .3 |
| 40 | 13.0 | .125 | .082 | .4 |
| 45 | 4.5 | .190 | .111 | .7 |
| 50 | 3.0 | .321 | .173 | 1.0 |
| 55 | 3.0 | .558 | .292 | 1.8 |
| 60 | 3.0 | 1.015 | .583 | 2.9 |
| 65 | 3.0 | 1.803 | 1.076 | 4.7 |

**LRS**

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

**GMPF**

**Rates of Withdrawal from Active Service**

| Service | Rates |
|---|---|
| 10 or less | 15 % |
| 11-13 | 11 |
| 14-19 | 8 |
| 20 or more | 13 |

| Age | Rates of Death |
|---|---|
| 25 | .07 % |
| 30 | .07 |
| 35 | .09 |
| 40 | .18 |
| 45 | .29 |
| 50 | .40 |
| 55 | .60 |
| 60 | 85 |

## Annual Rates of Retirement

### ERS

| | Old Plan [1] | | | | New Plan and GSEPS [2] | |
|---|---|---|---|---|---|---|
| | Age 65 or more than 34 years | | Age 60 or 30 years | | | |
| Age | Men | Women | Men | Women | Men | Women |
| 50 | 50 % | 50 % | 9.0 % | 7.5 % | 10 % | 10 % |
| 55 | 50 | 50 | 11.0 | 11.5 | 10 | 10 |
| 60 | 50 | 50 | 22.0 | 24.0 | 15 | 20 |
| 62 | 50 | 50 | 43.0 | 44.0 | 38 | 36 |
| 64 | 50 | 50 | 27.0 | 30.0 | 29 | 30 |
| 65 | 44 | 45 | — | — | 43 | 38 |
| 67 | 26 | 28 | — | — | 27 | 34 |
| 70 | 100 | 100 | — | — | 100 | 100 |

[1] It is also assumed that 95% of active Old Plan members will retire during the year in which they attain 34 years of service. In addition, it is assumed that 3.5% of male members under age 55, 7.5% of male members ages 55 and over, 3.0% of female members under age 55 and 8.0% of female members ages 55 and over will retire under early reduced retirement.

[2] An additional 10% of active New Plan and GSEPS members less than age 65 are expected to retire in the year in which they attain 30 years of service. In addition, it is assumed that 6.0% of male members under age 55, 6.5% of male members ages 55 and over, 5.0% of female members under age 55 and 10.0% of female members ages 55 and over will retire under early reduced retirement.

Special retirement rates apply to law enforcement officers.

### PSERS

| Age | Annual Rate | Age | Annual Rate |
|---|---|---|---|
| 60 | 17 % | 68 | 25 % |
| 61 | 17 | 69 | 25 |
| 62 | 26 | 70 | 28 |
| 63 | 18 | 71 | 28 |
| 64 | 21 | 72 | 28 |
| 65 | 32 | 73 | 28 |
| 66 | 25 | 74 | 28 |
| 67 | 25 | 75 & over | 100 |

### GJRS

| Age | Annual Rates of Retirement* |
|---|---|
| 60 | 25 % |
| 61-64 | 10 |
| 65-69 | 12 |
| 70 | 50 |
| 71-74 | 20 |
| 75 | 100 |

* In addition, 40% are assumed to retire each year afer attaining 24 years of service before age 70.

**LRS**

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

**GMPF**

| Age | Annual Rates of Retirement |
|---|---|
| 60 | 60.0 % |
| 61 | 33.3 |
| 62 | 33.3 |
| 63 | 33.3 |
| 64 | 33.3 |
| 65 & over | 100.0 |

## Annual Rates of Death After Retirement

For all plans except PSERS, the 1994 Group Annuity Mortality Table rated forward two years is used for the period after retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward three years is used for the period after disability retirement. For PSERS, the 1994 Group Annuity Table set forward four years for males and set forward two years for females is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disability Mortality Table set forward 5 years for males is used for the period after disability retirement.

**ERS**

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

**PSERS**

| Age | Men | Women | Age | Men | Women |
|---|---|---|---|---|---|
| 40 | .146 % | .083 % | 65 | 2.173 % | 1.076 % |
| 45 | .233 | .111 | 70 | 3.405 | 1.651 |
| 50 | .398 | .173 | 75 | 5.586 | 2.837 |
| 55 | .709 | .292 | 80 | 8.961 | 4.915 |
| 60 | 1.294 | .583 | 85 | 13.945 | 8.402 |

## GJRS

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

## LRS

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

## GMPF

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

# Active Members

## ERS

| Year | Active Members | Annual Payroll (in thousands) | Average Pay | Change |
|---|---|---|---|---|
| 2004 | 72,106 | $ 2,445,619 | $ 33,917 | (0.2) % |
| 2005 | 72,716 | 2,514,430 | 34,579 | 2.0 |
| 2006 | 74,089 | 2,630,167 | 35,500 | 2.7 |
| 2007 | 73,985 | 2,680,972 | 36,237 | 2.1 |
| 2008 | 75,293 | 2,809,199 | 37,310 | 3.0 |
| 2009 | 71,272 | 2,674,155 | 37,520 | 0.6 |

## PSERS

| Year | Active Members |
|---|---|
| 2004 | 35,943 |
| 2005 | 36,704 |
| 2006 | 37,587 |
| 2007 | 39,086 |
| 2008 | 40,121 |
| 2009 | 40,581 |

PSERS is not a compensation based plan.

## GJRS

| Year | Active Members | Annual Payroll (in thousands) | Average Pay | Change |
|---|---|---|---|---|
| 2004 | 451 | $ 40,908 | $ 90,705 | (0.8) % |
| 2005 | 468 | 42,916 | 91,701 | 1.1 |
| 2006 | 478 | 45,308 | 94,787 | 3.4 |
| 2007 | 480 | 48,621 | 101,294 | 6.9 |
| 2008 | 482 | 51,102 | 106,021 | 4.7 |
| 2009 | 502 | 52,083 | 103,751 | (2.1) |

## LRS

| Year | Active Members |
|---|---|
| 2004 | 210 |
| 2005 | 217 |
| 2006 | 218 |
| 2007 | 218 |
| 2008 | 218 |
| 2009 | 218 |

LRS is not a compensation based plan.

## GMPF

| Year | Active Members |
|---|---|
| 2004 | 8,573 |
| 2005 | 8,870 |
| 2006 | 10,320 |
| 2007 | 12,017 |
| 2008 | 11,623 |
| 2009 | 12,019 |

GMPF is not a compensation based plan.

# Member and Employer Contribution Rates

## ERS

| | | Employer Rates | | |
|---|---|---|---|---|
| Year | Member | Old Plan* | New Plan | GSEPS** |
| 2004 | 1.25% | 10.41% | 10.41% | n/a |
| 2005 | 1.25% | 10.41% | 10.41% | n/a |
| 2006 | 1.25% | 10.41% | 10.41% | n/a |
| 2007 | 1.25% | 10.41% | 10.41% | n/a |
| 2008 | 1.25% | 10.41% | 10.41% | n/a |
| 2009 | 1.25% | 10.41% | 10.41% | 6.54% |
| 2010 | 1.25% | 10.41% | 10.41% | 6.54% |

* Old Plan Rate includes an employer pick-up of employee contributions.
** GSEPS Plan began on January 1, 2009

## PSERS

| Year | Member | Employer |
|---|---|---|
| 2004 | $ 36 a year | $ 833,000 |
| 2005 | $ 36 a year | 833,000 |
| 2006 | $ 36 a year | 3,634,000 |
| 2007 | $ 36 a year | 6,484,000 |
| 2008 | $ 36 a year | 2,866,000 |
| 2009 | $ 36 a year | 5,680,000 |
| 2010 | $ 36 a year | 5,529,000 |

## GJRS

| Year | Member | Employer |
|---|---|---|
| 2004 | 7.50% | 3.85% |
| 2005 | 7.50% | 3.85% |
| 2006 | 7.50% | 3.85% |
| 2007 | 7.50% | 3.85% |
| 2008 | 7.50% | 3.85% |
| 2009 | 7.50% | 3.85% |
| 2010 | 7.50% | 3.85% |

## LRS

| Year | Member | Employer |
|---|---|---|
| 2004 | 8.50% | $ 52,000 |
| 2005 | 8.50% | 54,000 |
| 2006 | 8.50% | 54,000 |
| 2007 | 8.50% | 62,000 |
| 2008 | 8.50% | 73,000 |
| 2009 | 8.50% | 71,000 |
| 2010 | 8.50% | 75,000 |

## GMPF

| Year | Member | Employer |
|---|---|---|
| 2004 | n/a | $ 617,000 |
| 2005 | n/a | 891,000 |
| 2006 | n/a | 891,000 |
| 2007 | n/a | 1,005,000 |
| 2008 | n/a | 1,103,000 |
| 2009 | n/a | 1,323,000 |
| 2010 | n/a | 1,434,000 |

# Analysis of Change in Unfunded Accrued Liability (UAL)

### Amount of Increase (Decrease) (in Millions)

**ERS**

| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|
| Interest (7.50) added to previous UAL | $ 124.8 | $ 78.1 | $ 58.6 | $ 28.4 | $ 23.2 | Not provided by Actuary |
| Accrued liability contribution | (99.7) | (86.3) | (35.3) | 7.4 | 7.0 | |
| Experience: | | | | | | |
| Valuation asset growth | 609.1 | 129.3 | (59.5) | 140.2 | 102.4 | |
| Pensioners' mortality | 65.4 | 51.3 | 51.0 | 50.1 | (24.2) | |
| Turnover and retirements | 107.3 | 103.0 | 115.7 | 28.1 | 39.1 | |
| New entrants | 16.7 | 22.9 | 35.7 | 34.4 | 39.4 | |
| Salary increases | (296.9) | (22.7) | (33.2) | (84.2) | (109.2) | |
| Method changes | 0.0 | 0.0 | 0.0 | (69.0) | (66.0) | |
| Amendments (COLAs) | (358.6) | 188.8 | 5.9 | 245.2 | 225.8 | |
| Assumption changes | 0.0 | 0.0 | 0.0 | 0.0 | (168.5) | |
| Lawsuit | 75.9 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Data changes | 270.5 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Misc. changes | 86.4 | 157.6 | 120.9 | 22.8 | 0.0 | |
| Total | $ 600.9 | $ 622.0 | $ 259.8 | $ 403.4 | $ 69.0 | |

### Amount of Increase (Decrease) (in Thousands)

**PSERS**

| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|
| Interest (7.50) added to previous UAL | $ (1,567.9) | $ (2,953.7) | $ (5,596.9) | $ (6,204.6) | $ (5,769.9) | Not provided by Actuary |
| Accrued liability contribution | 5,026.0 | 7,267.0 | 4,729.2 | 6,961.2 | 9,691.0 | |
| Experience: | | | | | | |
| Valuation asset growth | 34,015.0 | 6,623.0 | (3,737.0) | 7,359.0 | 5,256.0 | |
| Pensioners' mortality | 973.7 | 420.3 | (320.5) | 1,146.2 | (3,354.4) | |
| Turnover and retirements | 6,201.3 | 3,381.4 | 1,053.3 | (1,717.5) | 4,608.5 | |
| New entrants | 3,267.7 | 4,021.0 | 3,556.9 | 4,151.6 | 4,121.2 | |
| Salary increases | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Method changes | 0.0 | 0.0 | 0.0 | (3,594.0) | (1,559.2) | |
| Amendments (COLAs) | 0.0 | 0.0 | 36,404.3 | 0.0 | 23,008.5 | |
| Assumption changes | 0.0 | 0.0 | 0.0 | 0.0 | (41,797.1) | |
| Lawsuit | 2,168.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Data changes | 24,199.5 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Allotment for expenses | 433.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Misc. changes | (197.3) | (281.8) | (846.1) | 0.0 | 0.0 | |
| Total | $ 74,519.0 | $ 18,477.2 | $ 35,243.2 | $ 8,101.9 | $ (5,795.4) | |

### Amount of Increase (Decrease) (in Thousands)

**GJRS**

| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|
| Interest (7.50) added to previous UAL | $ (3,360.0) | $ (3,585.9) | $ (3,729.5) | $ (3,889.8) | $ (4,035.8) | Not provided by Actuary |
| Accrued liability contribution | 3,596.2 | 4,498.3 | 3,953.2 | 6,928.7 | 6,330.0 | |
| Experience: | | | | | | |
| Valuation asset growth | 13,941.0 | 3,164.0 | (1,026.0) | 3,464.0 | 2,648.0 | |
| Pensioners' mortality | 1,102.3 | 409.3 | (154.4) | 709.7 | (950.0) | |
| Turnover and retirements | 1,982.9 | 1,243.3 | (1,614.7) | 1,649.8 | (2,694.5) | |
| New entrants | 967.2 | 354.2 | 659.5 | 322.6 | 1,638.0 | |
| Salary increases | (10,561.2) | (3,432.4) | 369.8 | (3,293.9) | (5,002.0) | |
| Method changes | 0.0 | 0.0 | 0.0 | (1,738.0) | 1,702.3 | |
| Amendments (COLAs) | (2,359.4) | 1,265.0 | 24.1 | 2,383.8 | 5,036.8 | |
| Assumption changes | 0.0 | 0.0 | 0.0 | 0.0 | (2,725,8) | |
| Lawsuit | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Data changes | 4,581.2 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Misc. changes | (240.6) | (903.4) | 3,433.5 | (4,400.5) | 0.0 | |
| Total | $ 9,649.6 | $ 3,012.3 | $ 1,915.5 | $ 2,136.4 | $ 1,947.0 | |

| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|
| | | | Amount of Increase (Decrease) (in Thousands) | | | |
| **LRS** | | | | | | |
| Interest (7.50) added to previous UAL | $ (468.9) | $ (426.9) | $ (432.3) | $ (369.8) | ($440.1) | Not provided by Actuary |
| Accrued liability contribution | (21.1) | (26.3) | (31.1) | (43.1) | 43.1 | |
| Experience: | | | | | | |
| Valuation asset growth | 1,307.4 | 241.7 | (155.0) | 289.0 | 208.0 | |
| Pensioners' mortality | 240.7 | (2.2) | 119.4 | (412.7) | 172.6 | |
| Turnover and retirements | (5.7) | (429.8) | 423.8 | (154.7) | 350.0 | |
| New entrants | 0.0 | 35.9 | 0.0 | 0.0 | 158.5 | |
| Salary increases | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Method changes | 0.0 | 0.0 | 0.0 | (142.0) | 291.1 | |
| Amendments (COLAs) | 0.0 | 0.0 | 0.0 | 0.0 | 1.491.7 | |
| Assumption changes | 0.0 | 0.0 | 0.0 | 0.0 | (1,337.6) | |
| Lawsuit | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Data changes | (1,529.1) | 0.0 | 0.0 | 0.0 | 0.0 | |
| Misc. changes | (51.7) | 47.4 | 147.9 | 0.0 | 0.0 | |
| Total | $ (528.4) | $ (560.2) | $ 72.7 | $ (833.3) | $937.3 | |

Note: Beginning with the 2011 report, the actuarial section will include Solvency test results and Change in Payroll results. This information has not been gathered in the past years, but is now being created for future years.

# Statistical Section

ERSGA
Employees' Retirement System of Georgia
*Serving those who serve Georgia*

## Introduction

The objective of the statistical section is to provide a historical perspective, context and relevant details to assist readers in evaluating the condition of the plans. All nonaccounting data is taken from ERSGA's internal sources except for information which is derived from the actuarial valuations. FY2010 is the first year ERSGA has added this information in their Annual Financial Report. Therefore, historical detail may not be complete for some schedules.

## Financial Trends

The following schedules have been included to help the reader understand how the System's financial position has changed over the past 10 years:

Additions by Source
Deductions by Type
Change in Net Assets

## Operational Trends

The following schedules have been included to help the readers understand how the System's financial report relates to the services provided by the System and the activities it performs:

Retiree Information
Withdrawal (Refund) Data
New Retiree Elections
Overall Plan Statistics

Note: Additional data will be provided beginning with the 2011 report. This information was easily obtained for this years report, but will be created for future years.

# Additions by Source - Contribution/Investment Income (in thousands)

| | | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **ERS** | | | | | | | | | | | |
| Employee Contributions | $ | 55,887 | 57,920 | 55,456 | 54,166 | 49,973 | 50,963 | 49,250 | 48,324 | 43,978 | 42,052 |
| Employer Contributions | | 315,505 | 233,229 | 246,172 | 245,388 | 243,074 | 258,482 | 270,141 | 286,256 | 281,206 | 263,064 |
| Investment Earnings | | (795,683) | (488,398) | 488,611 | 1,115,798 | 930,287 | 774,724 | 1,869,113 | (482,679) | (1,726,302) | 1,176,741 |
| Other | | — | — | — | — | — | — | 90,333 | — | — | — |
| Total Additions to (Deductions from) Plan Net Assets | $ | (424,291) | (197,249) | 790,239 | 1,415,352 | 1,223,334 | 1,084,169 | 2,278,837 | (148,099) | (1,401,118) | 1,481,857 |
| **PSERS** | | | | | | | | | | | |
| Employee Contributions | $ | 1,227 | 1,275 | 1,298 | 1,317 | 1,352 | 1,380 | 1,420 | 1,451 | 1,472 | 1,483 |
| Employer Contributions | | 17,030 | 11,623 | 3,555 | 836 | 840 | 3,638 | 6,490 | 2,869 | 5,096 | 5,530 |
| Investment Earnings | | (49,236) | (28,953) | 29,649 | 66,149 | 53,970 | 44,561 | 106,833 | (27,052) | (97,156) | 66,404 |
| Other | | 625 | 625 | 594 | 588 | 588 | 588 | 588 | 588 | 588 | — |
| Total Additions to (Deductions from) Plan Net Assets | $ | (30,354) | (15,430) | 35,096 | 68,890 | 56,750 | 50,167 | 115,331 | (22,144) | (90,000) | 73,417 |
| **GJRS** | | | | | | | | | | | |
| Employee Contributions | $ | 3,347 | 3,527 | 3,814 | 3,848 | 4,779 | 4,221 | 4,040 | 4,698 | 4,612 | 5,018 |
| Employer Contributions | | 1,269 | 20 | 373 | 1,558 | 1,826 | 1,683 | 1,778 | 2,395 | 1,703 | 3,369 |
| Investment Earnings | | (13,883) | (9,128) | 9,340 | 21,315 | 18,422 | 15,665 | 39,324 | (10,702) | (38,164) | 27,378 |
| Other | | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 |
| Total Additions to (Deductions from) Plan Net Assets | $ | (9,092) | (5,406) | 13,702 | 26,896 | 25,202 | 21,744 | 45,317 | (3,434) | (31,674) | 35,940 |
| **LRS** | | | | | | | | | | | |
| Employee Contributions | $ | 250 | 291 | 297 | 293 | 302 | 324 | 320 | 320 | 320 | 318 |
| Employer Contributions | | 97 | 70 | 43 | 52 | 54 | 54 | 62 | 73 | 71 | 75 |
| Investment Earnings | | (981) | (1,415) | 1,074 | 2,444 | 2,034 | 1,684 | 4,072 | (1,051) | (3,772) | 2,610 |
| Other | | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 |
| Total Additions to (Deductions from) Plan Net Assets | $ | (524) | (944) | 1,524 | 2,899 | 2,500 | 2,172 | 4,564 | (548) | (3,271) | 3,113 |
| **GMPF*** | | | | | | | | | | | |
| Employer Contributions | $ | — | — | 591 | 617 | 891 | 891 | 1,005 | 1,103 | 1,323 | 1,434 |
| Investment Earnings | | — | — | 41 | 86 | 103 | 131 | 503 | (191) | (657) | 565 |
| Total Additions to (Deductions from) Plan Net Assets | $ | — | — | 632 | 703 | 994 | 1,022 | 1,508 | 912 | 666 | 1,999 |

*Plan began in 2003

## Deductions by Type (in thousands)

### ERS

| Fiscal Year | Benefit Payments: Service | Benefit Payments: Partial Lump-Sum Option | Benefit Payments: Disability | Benefit Payments: Survivor Benefits | Total Benefit Payments | Net Administrative Expenses | Refunds | Total Deductions from Plan Assets |
|---|---|---|---|---|---|---|---|---|
| 2001 | $ 409,024 | - | 68,414 | 41,296 | $ 518,734 | 6,950 | 7,563 | $ 533,247 |
| 2002 | 449,985 | - | 80,507 | 44,110 | 574,602 | 7,971 | 5,430 | 588,003 |
| 2003 | 497,634 | - | 92,433 | 47,176 | 637,243 | 8,509 | 5,253 | 651,005 |
| 2004 | 549,545 | - | 101,887 | 50,882 | 702,314 | 8,474 | 5,819 | 716,607 |
| 2005 | 605,688 | 6,289 | 111,902 | 54,584 | 778,463 | 9,587 | 6,510 | 794,560 |
| 2006 | 664,891 | 14,360 | 120,315 | 58,294 | 857,860 | 10,596 | 6,978 | 875,434 |
| 2007 | 721,869 | 17,821 | 127,091 | 61,873 | 928,654 | 14,901 | 6,696 | 950,251 |
| 2008 | 797,052 | 24,792 | 131,709 | 66,397 | 1,019,950 | 18,805 | 7,815 | 1,046,570 |
| 2009 | 889,669 | 22,011 | 135,743 | 69,735 | 1,117,158 | 16,809 | 6,597 | 1,140,564 |
| 2010 | 878,482 | 23,480 | 146,031 | 82,676 | 1,130,669 | 14,505 | 6,483 | 1,151,657 |

### PSERS

| Fiscal Year | Benefit Payments: Service | Benefit Payments: Disability | Benefit Payments: Survivor Benefits | Total Benefit Payments | Net Administrative Expenses | Refunds | Total Deductions from Plan Assets |
|---|---|---|---|---|---|---|---|
| 2001 | $ 29,061 | 3,382 | 1,021 | $ 33,464 | 625 | 282 | $ 34,371 |
| 2002 | 30,063 | 3,642 | 1,089 | 34,794 | 625 | 261 | 35,680 |
| 2003 | 31,926 | 3,913 | 1,182 | 37,021 | 594 | 233 | 37,848 |
| 2004 | 34,207 | 4,142 | 1,297 | 39,646 | 588 | 294 | 40,528 |
| 2005 | 35,278 | 4,341 | 1,397 | 41,016 | 588 | 287 | 41,891 |
| 2006 | 37,505 | 4,534 | 1,465 | 43,504 | 588 | 316 | 44,408 |
| 2007 | 40,070 | 4,814 | 1,580 | 46,464 | 588 | 319 | 47,371 |
| 2008 | 41,607 | 4,956 | 1,682 | 48,245 | 588 | 308 | 49,141 |
| 2009 | 45,159 | 5,232 | 1,806 | 52,197 | 588 | 261 | 53,046 |
| 2010 | 45,741 | 5,402 | 2,052 | 53,195 | 1,956 | 251 | 55,402 |

### GJRS

| Fiscal Year | Benefit Payments: Service | Benefit Payments: Disability | Benefit Payments: Survivor Benefits | Total Benefit Payments | Net Administrative Expenses | Refunds | Total Deductions from Plan Assets |
|---|---|---|---|---|---|---|---|
| 2001 | $ 4,547 | 44 | 559 | $ 5,150 | 175 | 54 | $ 5,379 |
| 2002 | 5,172 | 46 | 643 | 5,861 | 175 | 120 | 6,156 |
| 2003 | 5,688 | 47 | 748 | 6,483 | 175 | 70 | 6,728 |
| 2004 | 6,047 | 48 | 947 | 7,042 | 175 | 307 | 7,524 |
| 2005 | 6,827 | 76 | 1,069 | 7,972 | 175 | 93 | 8,240 |
| 2006 | 7,663 | 103 | 1,136 | 8,902 | 175 | 379 | 9,456 |
| 2007 | 7,908 | 106 | 1,285 | 9,299 | 175 | 76 | 9,550 |
| 2008 | 8,259 | 110 | 1,498 | 9,867 | 175 | 14 | 10,056 |
| 2009 | 9,453 | 112 | 1,546 | 11,111 | 175 | 263 | 11,549 |
| 2010 | 10,633 | 114 | 1,618 | 12,365 | 270 | 139 | 12,774 |

**LRS** **Benefit Payments**

| Fiscal Year | Service | Survivor Benefits | Total Benefit Payments | Net Administrative Expenses | Refunds | Total Deductions from Plan Assets |
|---|---|---|---|---|---|---|
| 2001 | $ 798 | 281 | $ 1,079 | 110 | 35 | $ 1,224 |
| 2002 | 923 | 317 | 1,240 | 110 | 16 | 1,366 |
| 2003 | 920 | 326 | 1,246 | 110 | 20 | 1,376 |
| 2004 | 986 | 337 | 1,323 | 110 | 14 | 1,447 |
| 2005 | 1,169 | 384 | 1,553 | 110 | 69 | 1,732 |
| 2006 | 1,210 | 381 | 1,591 | 110 | 18 | 1,719 |
| 2007 | 1,187 | 401 | 1,588 | 110 | 33 | 1,731 |
| 2008 | 1,228 | 406 | 1,634 | 110 | 65 | 1,809 |
| 2009 | 1,265 | 425 | 1,690 | 110 | 49 | 1,849 |
| 2010 | 1,308 | 436 | 1,744 | 120 | 47 | 1,911 |

**GMPF**** **Benefit Payments**

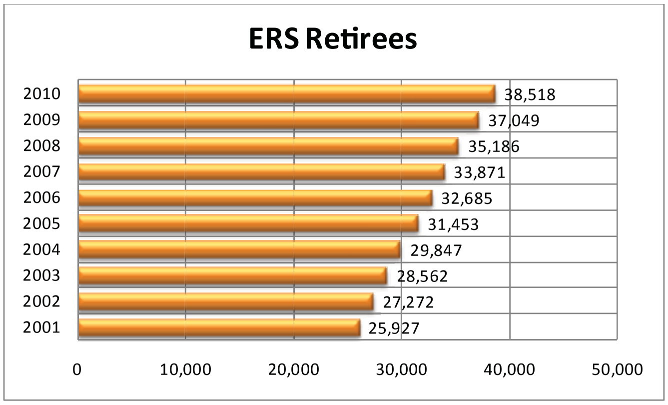
| Fiscal Year | Service* | Total Benefit Payments | Net Administrative Expenses | Total Deductions from Plan Assets |
|---|---|---|---|---|
| 2003 | $ 6 | $ 6 | - | $ 6 |
| 2004 | 49 | 49 | - | 49 |
| 2005 | 93 | 93 | - | 93 |
| 2006 | 150 | 150 | - | 150 |
| 2007 | 225 | 225 | - | 225 |
| 2008 | 303 | 303 | - | 303 |
| 2009 | 382 | 382 | - | 382 |
| 2010 | 489 | 489 | 43 | 532 |

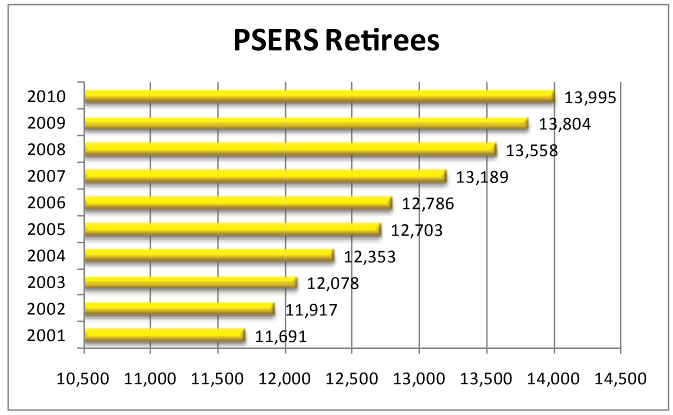
*The only type of retirement in GMPF is a service retirement
**Plan began in 2003.

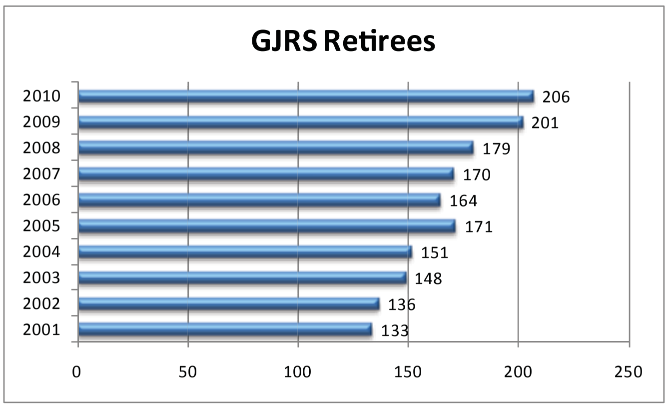
## Changes in Net Assets (in thousands)

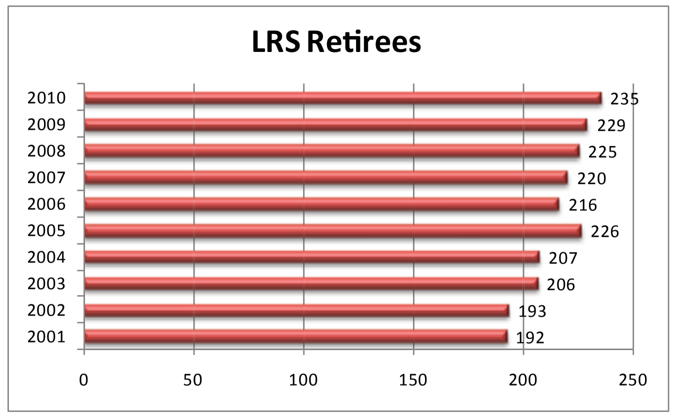
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|---|---|---|
| **ERS** | | | | | | | | | | |
| Total Additions | $ (424,291) | (197,249) | 790,239 | 1,415,352 | 1,223,334 | 1,084,169 | 2,278,837 | (148,099) | (1,401,118) | 1,481,857 |
| Total Deductions | 533,247 | 588,003 | 651,005 | 716,607 | 794,560 | 875,434 | 950,251 | 1,046,570 | 1,140,564 | 1,151,657 |
| Changes in Plan Net Assets | (957,538) | (785,252) | 139,234 | 698,745 | 428,774 | 208,735 | 1,328,586 | (1,194,669) | (2,541,682) | 330,200 |
| **PSERS** | | | | | | | | | | |
| Total Additions | (30,354) | (15,430) | 35,096 | 68,890 | 56,750 | 50,167 | 115,331 | (22,144) | (90,000) | 73,417 |
| Total Deductions | 34,371 | 35,680 | 37,848 | 40,528 | 41,891 | 44,408 | 47,371 | 49,141 | 53,046 | 55,402 |
| Changes in Plan Net Assets | (65,725) | (51,110) | (2,752) | 28,362 | 14,859 | 5,759 | 67,960 | (71,285) | (143,046) | 18,015 |
| **GJRS** | | | | | | | | | | |
| Total Additions | (9,092) | (5,406) | 13,702 | 26,896 | 25,202 | 21,744 | 45,317 | (3,434) | (31,674) | 35,940 |
| Total Deductions | 5,379 | 6,156 | 6,728 | 7,524 | 8,240 | 9,456 | 9,550 | 10,056 | 11,549 | 12,774 |
| Changes in Plan Net Assets | (14,471) | (11,562) | 6,974 | 19,372 | 16,962 | 12,288 | 35,767 | (13,490) | (43,223) | 23,166 |
| **LRS** | | | | | | | | | | |
| Total Additions | (524) | (944) | 1,524 | 2,899 | 2,500 | 2,172 | 4,564 | (548) | (3,271) | 3,113 |
| Total Deductions | 1,224 | 1,366 | 1,376 | 1,447 | 1,732 | 1,719 | 1,731 | 1,809 | 1,849 | 1,911 |
| Changes in Plan Net Assets | (1,748) | (2,310) | 148 | 1,452 | 768 | 453 | 2,833 | (2,357) | (5,120) | 1,202 |
| **GMPF** | | | | | | | | | | |
| Total Additions | — | — | 632 | 703 | 994 | 1,022 | 1,508 | 912 | 666 | 1,999 |
| Total Deductions | — | — | 6 | 49 | 93 | 150 | 225 | 303 | 382 | 532 |
| Changes in Plan Net Assets | — | — | 626 | 654 | 901 | 872 | 1,283 | 609 | 284 | 1,467 |

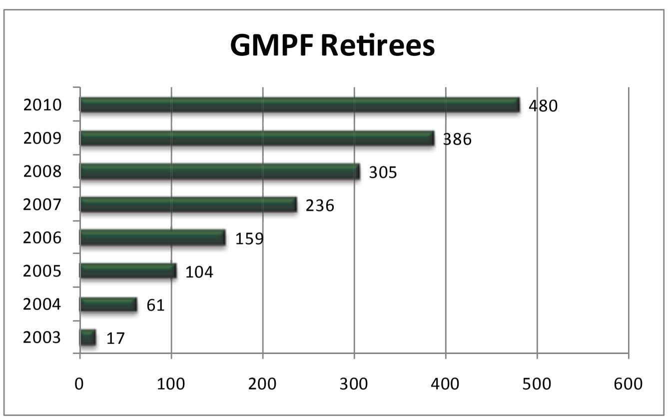
## Number of Retirees



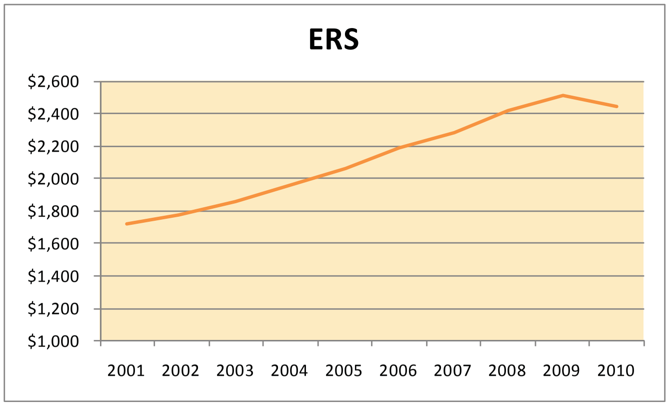



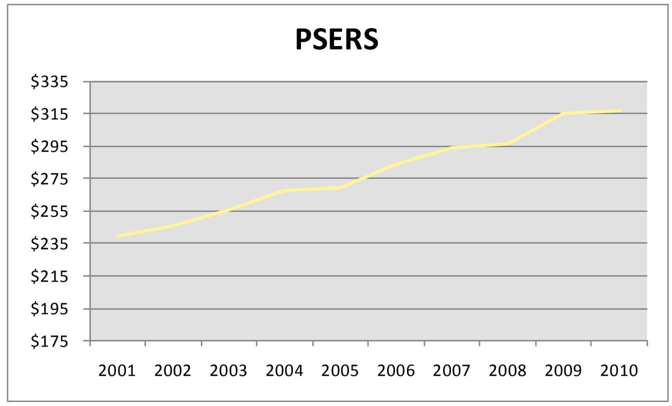



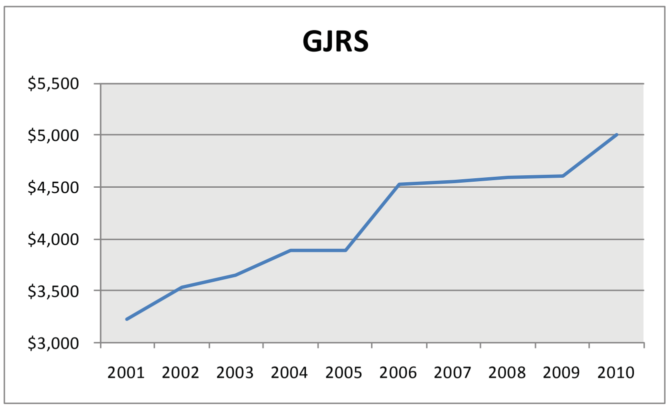



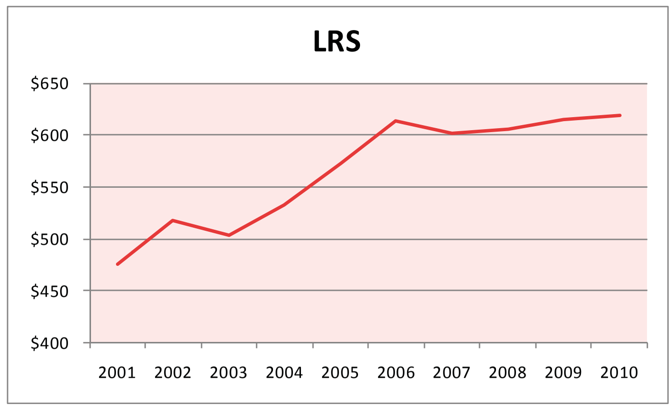



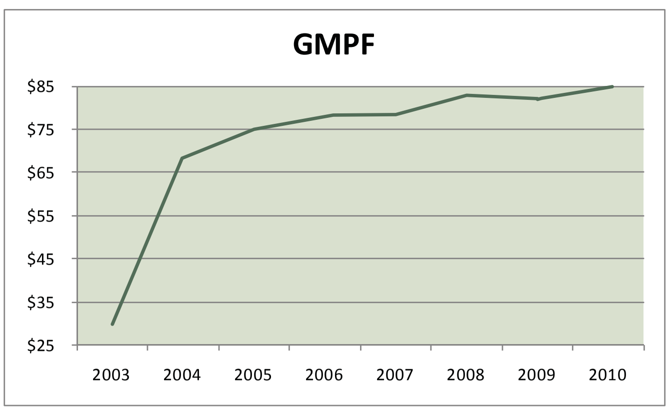
## Average Monthly Payments to Retirees



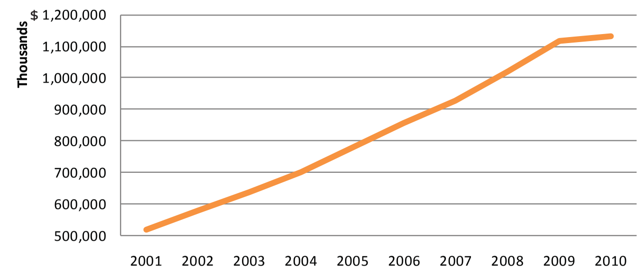



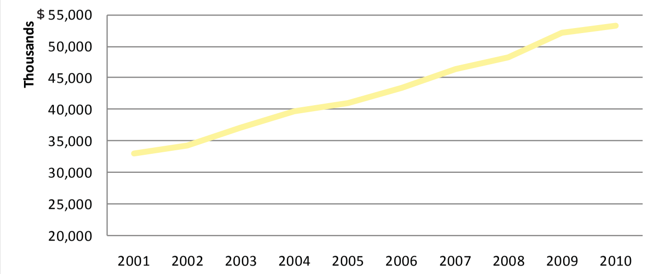



## Annual Benefit

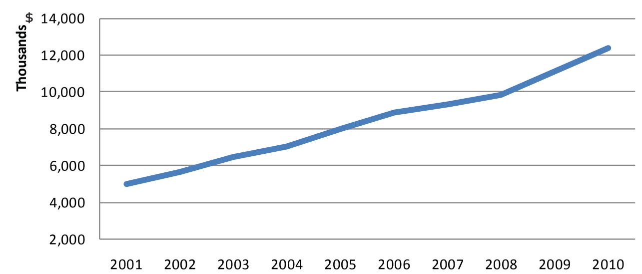
ERS Annual Benefit



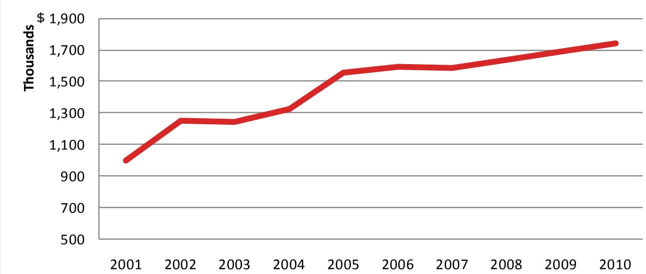

PSERS Annual Benefit



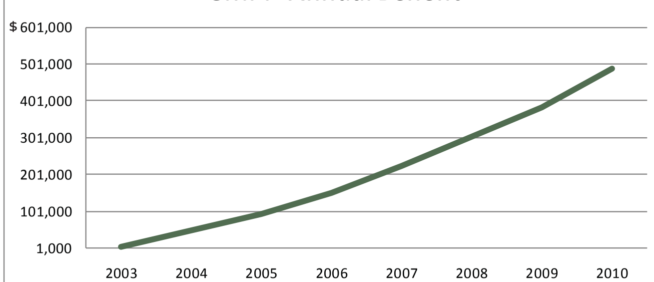

GJRS Annual Benefit



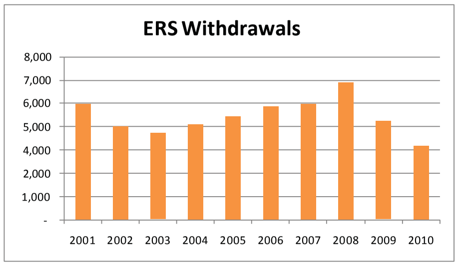

LRS Annual Benefit

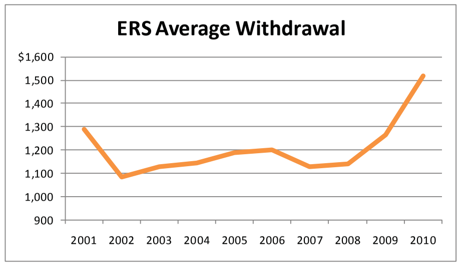


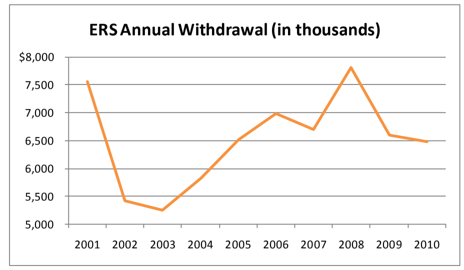

GMPF Annual Benefit

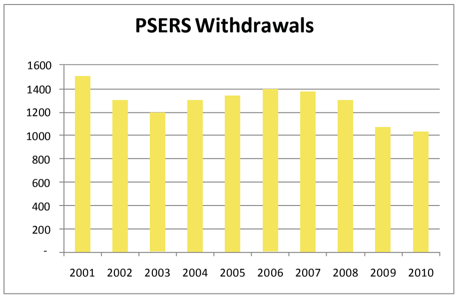


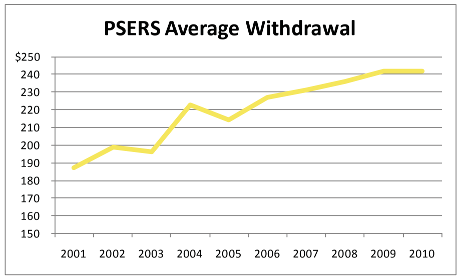
# Withdrawal Statistics

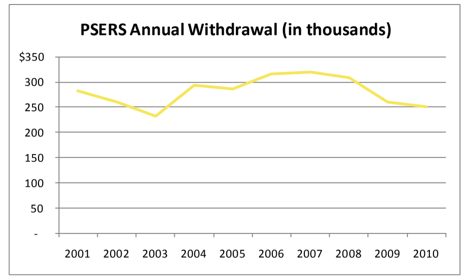


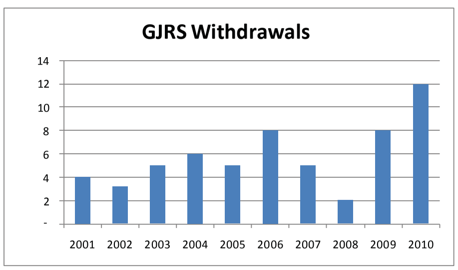



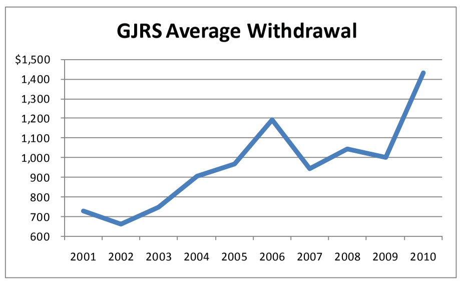



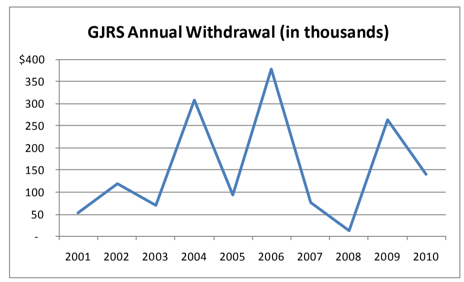



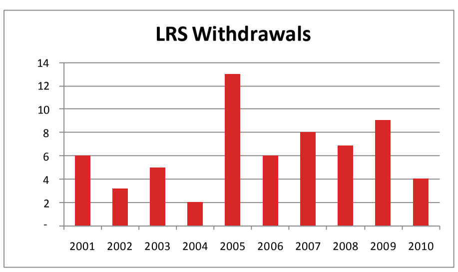



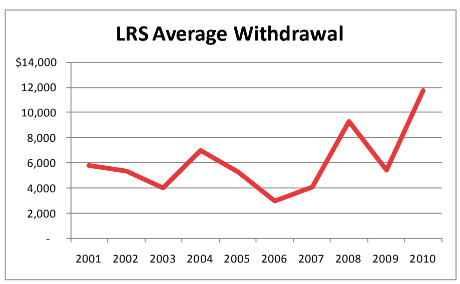



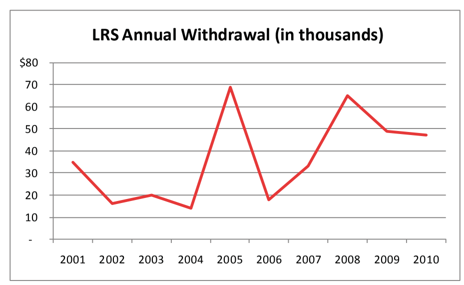




Note: The GMPF Plan does not have a refund feature.

## Average Monthly Benefit Payment for New Retirees - ERS

| | Years of Credited Service | | | | | |
|---|---|---|---|---|---|---|
| | 10-15 | 16-20 | 21-25 | 26-30 | Over 30 | Total |
| **2001** | | | | | | |
| Average Monthly Benefit | $556.82 | $930.29 | $1,356.00 | $1,533.98 | $3,043.12 | $2,099.17 |
| Average Final Average Salary | $2,577.80 | $2,771.52 | $3,084.89 | $3,171.87 | $4,015.49 | $3,489.22 |
| Number of Retirees | 286 | 210 | 200 | 321 | 1,077 | 2,094 |
| **2002** | | | | | | |
| Average Monthly Benefit | $651.28 | $1,008.52 | $1,472.04 | $1,778.52 | $3,265.53 | $2,170.36 |
| Average Final Average Salary | $2,608.44 | $2,777.64 | $3,058.11 | $3,258.21 | $4,127.08 | $3,481.95 |
| Number of Retirees | 300 | 262 | 212 | 290 | 933 | 1,997 |
| **2003** | | | | | | |
| Average Monthly Benefit | $673.29 | $1,099.73 | $1,570.92 | $1,756.82 | $3,444.12 | $2,337.32 |
| Average Final Average Salary | $2,675.88 | $3,307.90 | $3,133.09 | $7,027.30 | $ 4,268.39 | $4,147.79 |
| Number of Retirees | 299 | 233 | 234 | 261 | 1,009 | 2,036 |
| **2004** | | | | | | |
| Average Monthly Benefit | $661.26 | $999.80 | $1,616.46 | $1,901.33 | 3,486.20 | 2,309.02 |
| Average Final Average Salary | $2,729.52 | $2,840.39 | $3,390.17 | $3,561.77 | 4,404.67 | 3,717.68 |
| Number of Retirees | 336 | 271 | 202 | 290 | 991 | 2,090 |
| **2005** | | | | | | |
| Average Monthly Benefit | $704.19 | $991.76 | $1,440.14 | $1,816.69 | $3,440.48 | $2,291.20 |
| Average Final Average Salary | $2,979.35 | $2,858.79 | $3,219.54 | $3,553.20 | $4,321.38 | $3,711.85 |
| Number of Retirees | 309 | 312 | 254 | 299 | 1,091 | 2,265 |
| **2006** | | | | | | |
| Average Monthly Benefit | $632.54 | $1,022.68 | $1,347.20 | $1,789.67 | $3,458.78 | $2,281.17 |
| Average Final Average Salary | $2,867.00 | $2,971.73 | $3,087.80 | $3,587.30 | $4,345.99 | $3,715.95 |
| Number of Retirees | 281 | 299 | 219 | 298 | 1,011 | 2,108 |
| **2007** | | | | | | |
| Average Monthly Benefit | $655.86 | $961.27 | $1,317.36 | $1,789.83 | $3,423.26 | $2,229.02 |
| Average Final Average Salary | $2,935.70 | $3,071.63 | $3,265.26 | $3,745.37 | $4,373.83 | $3,778.07 |
| Number of Retirees | 307 | 303 | 247 | 292 | 1,022 | 2,171 |
| **2008** | | | | | | |
| Average Monthly Benefit | $701.03 | $1,068.51 | $1,457.03 | $1,899.48 | $3,576.69 | $2,342.60 |
| Average Final Average Salary | $3,025.39 | $3,181.44 | $3,408.23 | $3,767.28 | $4,489.73 | $3,873.97 |
| Number of Retirees | 309 | 306 | 280 | 290 | 1,032 | 2,217 |
| **2009** | | | | | | |
| Average Monthly Benefit | $717.65 | $1,059.22 | $1,458.18 | $1,910.75 | $3,627.21 | $2,272.58 |
| Average Final Average Salary | $3,109.07 | $3,179.28 | $3,483.90 | $3,875.27 | $4,548.96 | $3,891.02 |
| Number of Retirees | 344 | 320 | 301 | 324 | 949 | 2,238 |
| **2010** | | | | | | |
| Average Monthly Benefit | $694.23 | $1,086.00 | $1,502.32 | $1,849.65 | $3,653.29 | $2,247.01 |
| Average Final Average Salary | $3,023.45 | $3,345.36 | $3,555.21 | $3,802.65 | $4,588.73 | $3,900.93 |
| Number of Retirees | 391 | 324 | 332 | 375 | 981 | 2,403 |

## Average Monthly Benefit Payment for New Retirees - PSERS

| | Years of Credited Service | | | | | |
|---|---|---|---|---|---|---|
| | 10-15 | 16-20 | 21-25 | 26-30 | Over 30 | Total |
| **2001** | | | | | | |
| Average Monthly Benefit | $136.87 | $205.29 | $265.82 | $324.14 | $422.14 | $237.95 |
| Number of Retirees | 279 | 163 | 177 | 118 | 100 | 837 |
| **2002** | | | | | | |
| Average Monthly Benefit | $139.82 | $194.45 | $271.54 | $318.18 | $419.65 | $229.26 |
| Number of Retirees | 256 | 168 | 136 | 113 | 68 | 741 |
| **2003** | | | | | | |
| Average Monthly Benefit | $137.89 | $201.29 | $258.92 | $328.44 | $419.56 | $229.32 |
| Number of Retirees | 292 | 148 | 124 | 88 | 97 | 749 |
| **2004** | | | | | | |
| Average Monthly Benefit | $138.46 | $202.25 | $273.64 | $324.25 | $421.35 | $225.69 |
| Number of Retirees | 357 | 182 | 145 | 112 | 89 | 885 |
| **2005** | | | | | | |
| Average Monthly Benefit | $140.98 | $203.00 | $269.23 | $325.73 | $422.95 | $229.90 |
| Number of Retirees | 322 | 197 | 131 | 113 | 93 | 856 |
| **2006** | | | | | | |
| Average Monthly Benefit | $137.90 | $206.87 | $265.04 | $324.20 | $413.20 | $226.26 |
| Number of Retirees | 347 | 206 | 127 | 84 | 115 | 879 |
| **2007** | | | | | | |
| Average Monthly Benefit | $143.42 | $208.47 | $265.12 | $331.55 | $426.70 | $229.16 |
| Number of Retirees | 323 | 174 | 106 | 89 | 93 | 785 |
| **2008** | | | | | | |
| Average Monthly Benefit | $149.91 | $219.81 | $279.58 | $349.05 | $439.31 | $238.04 |
| Number of Retirees | 362 | 199 | 116 | 99 | 98 | 874 |
| **2009** | | | | | | |
| Average Monthly Benefit | $156.52 | $224.92 | $289.93 | $357.58 | $460.04 | $242.89 |
| Number of Retirees | 391 | 200 | 157 | 91 | 90 | 929 |
| **2010** | | | | | | |
| Average Monthly Benefit | $157.66 | $224.92 | $300.93 | $359.24 | $464.07 | $243.41 |
| Number of Retirees | 448 | 200 | 162 | 76 | 105 | 1001 |

**Note: PSERS is not a final average pay plan.**

## Average Monthly Benefit Payment for New Retirees - GJRS

| | Years of Credited Service | | | | | |
|---|---|---|---|---|---|---|
| | 10-15 | 16-20 | 21-25 | 26-30 | Over 30 | Total |
| **2001** | | | | | | |
| Average Monthly Benefit | $4,841.33 | $6,163.12 | $5,278.58 | $746.60 | $1,505.22 | $3,706.97 |
| Average Final Average Salary | $8,529.42 | $8,529.42 | $7,232.43 | $1,000.00 | $2,016.09 | $5,461.47 |
| Number of Retirees | 2 | 4 | 9 | 1 | 1 | 17 |
| **2002** | | | | | | |
| Average Monthly Benefit | 0 | $6,304.79 | $6,380.10 | $6,739.14 | 0 | $6,474.68 |
| Average Final Average Salary | 0 | $8,506.83 | $8,586.58 | $9,026.44 | 0 | $8,706.62 |
| Number of Retirees | 0 | 3 | 2 | 2 | 0 | 7 |
| **2003** | | | | | | |
| Average Monthly Benefit | 0 | $6,770.75 | $4,531.83 | $7,140.57 | $5,439.24 | $5,970.60 |
| Average Final Average Salary | 0 | $8,460.17 | $6,376.87 | $9,564.12 | $7,285.35 | $7,921.63 |
| Number of Retirees | 0 | 6 | 2 | 4 | 1 | 13 |
| **2004** | | | | | | |
| Average Monthly Benefit | $4,748.43 | $2,916.48 | $7,084.78 | $7,140.57 | 0 | $5,472.57 |
| Average Final Average Salary | $9,137.11 | $5,997.81 | $9,564.12 | $9,564.12 | 0 | $8,565.79 |
| Number of Retirees | 1 | 3 | 1 | 1 | 0 | 6 |
| **2005** | | | | | | |
| Average Monthly Benefit | $4,918.69 | $5,972.47 | $6,854.45 | $5,422.44 | 0 | $5,792.01 |
| Average Final Average Salary | $9,420.45 | $8,785.09 | $9,481.56 | $7,262.55 | 0 | $8,737.41 |
| Number of Retirees | 2 | 8 | 10 | 3 | 0 | 23 |
| **2006** | | | | | | |
| Average Monthly Benefit | $1,648.42 | 0 | $7,018.67 | 0 | 0 | $4,333.55 |
| Average Final Average Salary | $3,680.42 | 0 | $8,421.30 | 0 | 0 | $6,050.86 |
| Number of Retirees | 1 | 0 | 1 | 0 | 0 | 2 |
| **2007** | | | | | | |
| Average Monthly Benefit | $4,635.56 | $1,821.81 | $5,338.65 | $7,603.57 | 0 | $4,849.90 |
| Average Final Average Salary | $7,888.25 | $8,213.52 | $7,150.62 | $10,184.26 | 0 | $8,359.16 |
| Number of Retirees | 4 | 3 | 3 | 1 | 0 | 11 |
| **2008** | | | | | | |
| Average Monthly Benefit | $2,485.43 | 0 | $7,368.55 | $4,735.08 | 0 | $4,863.02 |
| Average Final Average Salary | $6,662.15 | 0 | $9,934.33 | $6,342.20 | 0 | $7,646.23 |
| Number of Retirees | 4 | 0 | 2 | 2 | 0 | 8 |
| **2009** | | | | | | |
| Average Monthly Benefit | $4,874.28 | $5,883.17 | $7,366.55 | $6,630.61 | $7,639.64 | $6,478.85 |
| Average Final Average Salary | $9,519.58 | $8,825.88 | $10,071.58 | $8,881.08 | $10,232.57 | $9,506.14 |
| Number of Retirees | 8 | 5 | 7 | 5 | 2 | 27 |
| **2010** | | | | | | |
| Average Monthly Benefit | $6,337.43 | $4,563.90 | $7,643.86 | $6,422.80 | 0 | $6,242.00 |
| Average Final Average Salary | $10,490.01 | $7,018.08 | $10,490.01 | $8,602.74 | 0 | $9,150.21 |
| Number of Retirees | 1 | 5 | 2 | 4 | 0 | 12 |

## Average Monthly Benefit Payment for New Retirees - LRS

| | Years of Credited Service | | | | | |
|---|---|---|---|---|---|---|
| | 8 - 14 | 15 - 19 | 20 - 24 | 25 - 29 | 30 & over | Total |
| **2001** | | | | | | |
| Average Monthly Benefit | $305.10 | 0 | $558.06 | $813.89 | $800.44 | $619.37 |
| Number of Retirees | 6 | 0 | 1 | 2 | 2 | 9 |
| **2002** | | | | | | |
| Average Monthly Benefit | $297.30 | $537.58 | 0 | 0 | 0 | $417.44 |
| Number of Retirees | 5 | 1 | 0 | 0 | 0 | 6 |
| **2003** | | | | | | |
| Average Monthly Benefit | $321.39 | $459.05 | $625.33 | 0 | $945.96 | $587.93 |
| Number of Retirees | 8 | 5 | 6 | 0 | 3 | 22 |
| **2004** | | | | | | |
| Average Monthly Benefit | $258.71 | $553.70 | 0 | 0 | 0 | $406.21 |
| Number of Retirees | 6 | 2 | 0 | 0 | 0 | 8 |
| **2005** | | | | | | |
| Average Monthly Benefit | $358.41 | $456.84 | 0 | 0 | $981.11 | $598.79 |
| Number of Retirees | 9 | 2 | 0 | 0 | 8 | 19 |
| **2006** | | | | | | |
| Average Monthly Benefit | $355.63 | $517.30 | 0 | 0 | 0 | $436.47 |
| Number of Retirees | 3 | 3 | 0 | 0 | 0 | 6 |
| **2007** | | | | | | |
| Average Monthly Benefit | $256.96 | $476.39 | $762.02 | $939.00 | $1,195.52 | $725.98 |
| Number of Retirees | 5 | 5 | 2 | 1 | 1 | 14 |
| **2008** | | | | | | |
| Average Monthly Benefit | $324.74 | $604.63 | $698.86 | 0 | 0 | $542.74 |
| Number of Retirees | 4 | 4 | 2 | 0 | 0 | 10 |
| **2009** | | | | | | |
| Average Monthly Benefit | $425.39 | $650.99 | 0 | $921.00 | $1,203.00 | $800.10 |
| Number of Retirees | 2 | 1 | 0 | 2 | 3 | 8 |
| **2010** | | | | | | |
| Average Monthly Benefit | $372.93 | $558.00 | 0 | 0 | 0 | $465.47 |
| Number of Retirees | 8 | 1 | 0 | 0 | 0 | 9 |

**Note: LRS is not a final average pay plan.**

## Average Monthly Benefit Payment for New Retirees - GMPF

| | Years of Credited Service | | | |
|---|---|---|---|---|
| | 20-25 | 26 - 30 | Over 30 | Total |
| **2003** | | | | |
| Average Monthly Benefit | $57.50 | $90.00 | $100.00 | $82.50 |
| Number of Retirees | 4 | 4 | 12 | 20 |
| **2004** | | | | |
| Average Monthly Benefit | $59.44 | $81.54 | $100.00 | $80.33 |
| Number of Retirees | 9 | 13 | 23 | 45 |
| **2005** | | | | |
| Average Monthly Benefit | $54.00 | $83.57 | $100.00 | $79.19 |
| Number of Retirees | 5 | 7 | 28 | 40 |
| **2006** | | | | |
| Average Monthly Benefit | $61.25 | $85.00 | $100.00 | $82.08 |
| Number of Retirees | 4 | 13 | 44 | 61 |
| **2007** | | | | |
| Average Monthly Benefit | $60.83 | $83.46 | $100.00 | $81.43 |
| Number of Retirees | 6 | 13 | 54 | 73 |
| **2008** | | | | |
| Average Monthly Benefit | $55.63 | $83.61 | $100.00 | $79.75 |
| Number of Retirees | 8 | 18 | 47 | 73 |
| **2009** | | | | |
| Average Monthly Benefit | $59.50 | $87.63 | $100.00 | $82.38 |
| Number of Retirees | 20 | 19 | 53 | 92 |
| **2010** | | | | |
| Average Monthly Benefit | $63.82 | $85.83 | $100.00 | $83.22 |
| Number of Retirees | 17 | 18 | 56 | 91 |

Note: GMPF is not a final average pay plan.

## Top Participatory Employers

| | Member Count | % of total plan |
|---|---|---|
| **ERS** | | |
| Department of Corrections | 12,527 | 18.2% |
| Department of Behavoiral Health and Developmental Disability | 6,869 | 10.0% |
| Department of Transportation | 4,846 | 7.1% |
| Department of Labor | 3,867 | 5.7% |
| Department of Juvenile Justice | 3,679 | 5.4% |
| Department of Natural Resources | 2,079 | 3.0% |
| Department of Revenue | 1,154 | 1.7% |
| Department of Human Resources | 1,942 | 2.8% |
| Department of Driver Services | 1,674 | 2.4% |
| Department of Community Health | 1,351 | 2.0% |
| Total top Employers | 39,988 | 58.3% |
| Total ERS Member Count | 68,567 | |
| **PSERS** | | |
| Gwinnett County Schools | 3,931 | 9.8% |
| Cobb County Schools | 2,471 | 6.2% |
| Dekalb County Schools | 2,234 | 5.6% |
| Clayton County Schools | 1,382 | 3.4% |
| Muscogee County Schools | 970 | 2.4% |
| Henry County Schools | 909 | 2.3% |
| Cherokee County Schools | 902 | 2.3% |
| Forsyth County Schools | 894 | 2.2% |
| Richmond County Schools | 877 | 2.2% |
| Paulding County Schools | 715 | 1.8% |
| Total top Employers | 15,285 | 38.2% |
| Total PSERS Member Count | 39,962 | |
| **GJRS** | | |
| Council of Superior Court Judges | 203 | 41.0% |
| Council of State Court Judges | 108 | 21.8% |
| Council of Juvenile Judges | 71 | 14.4% |
| Prosecuting Attorney's Council | 96 | 19.4% |
| Total top Employers | 478 | 96.6% |
| Total JRS Member Count | 495 | |

Data from 9 years prior is unavailable.

## Statistical Data at June 30, 2010



| System | Net Assets | Employer Contributions | Employee Contributions | Active Members | Retirees | Annual Payment | Average Monthly Benefit |
|---|---|---|---|---|---|---|---|
| ERS | $ 11 billion | Old Plan: 10.41%<br>New Plan: 10.41%<br>GSEPS 6.54%<br>($263.1 mil) | Old Plan: 6%<br>(with 4.75% pickup)<br>New Plan: 1.25%<br>($42.1 mil)<br>GSEPS: 1.25% | Old Plan: (6%) 2,668<br>New Plan: (94%) 59,060<br>GSEPS: 6,839<br>Total: 68,567 | Total: 38,518<br>Service: 30,099<br>Beneficiary: 2,016<br>Disability: 5,546<br>Inv. Sep.: 712<br>Law. Enf.: 145 | $1.1 billion | $2403 |
| PSERS | 615.3 million | $5.5 million | $36 yr<br>($1.5 million) | 39,962 | 13,995 | $53.2 million | $317 |
| GJRS | 271.4 million | 3.85%<br>($3.4 million) | 7.5%<br>+2.5% Spousal<br>($5 million) | 495 | 206 | $12.4 million | $5,007 |
| LRS | 24.8 million | ($75 thousand) | 8.5%<br>(with 4.75% pickup)<br>($318 thousand) | 216 | 235 | $1.7 million | $633 |
| GDCP | 98.5 millon | None | 7.5%<br>($16 million) | 16,502 | 1 | NA | NA |
| SCJRF | 736 thousand | $1.2 million | None | None | 27 | $1.9 million | $5,864.20 |
| DARF | 2 thousand | $80 thousand | None | None | 7 | $80 thousand | $952 |
| SEAD | 836.6 million | None | New Plan: 0.25%<br>Old Plan: 0.50% | No. Insured:<br>62,191 | No. Insured:<br>33,879 | No. of Claims: 947<br>Amt.Pd: $28.5 mil | $30,095 |
| GMPF | 6.7 million | $1.4 million | None | Not maintained<br>By ERS | 480 | $489 thousand | $85 |

ERSGA

Employees' Retirement System of Georgia

*Serving those who serve Georgia*