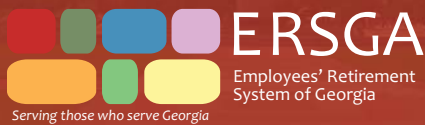


# Employees' Retirement System of Georgia Comprehensive Annual Financial Report

20  
14



***Fiscal Year Ended June 30, 2014***

***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*

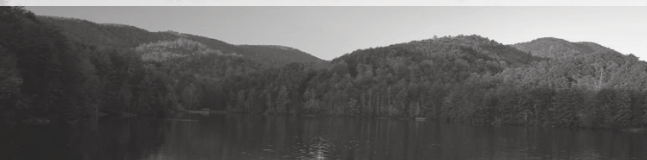
*Continuous improvement*

*Knowledgeable and customer focused staff*

*Sound and secure investment of funds*

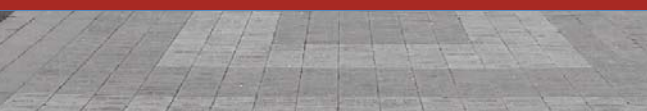
# Comprehensive Annual Financial Report

*Fiscal Year Ended June 30, 2014*



**James A. Potvin**  
**Executive Director**

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



## **Introductory Section**

Boards of Trustees	4
Letter of Transmittal	5
Certificate of Achievement in Financial Reporting	8
PPCC Recognition Award	9
Administrative Staff and Organization	10
Organizational Chart	11

## **Financial Section**

Independent Auditors' Report	13
Management's Discussion and Analysis (Unaudited)	15
Basic Financial Statements:	
Combining Statement of Fiduciary Net Position as of June 30, 2014	21
Defined Benefit Plans-Combining Statement of Fiduciary Net Position as of June 30, 2014	22
Combining Statement of Changes in Fiduciary Net Position for the Year Ended June 30, 2014	23
Defined Benefit Plans-Combining Statement of Changes in Fiduciary Net Position for the Year Ended June 30, 2014	24
Notes to Financial Statements	25
Required Supplementary Information (Unaudited)	
Defined Benefit Pension Plans:	
Schedules of Employers' and Nonemployers' Contributions	49
Schedules of Employers' and Nonemployers' Net Pension Liability	51
Schedules of Changes in Employers' and Nonemployers' Net Pension Liability	52
Schedule of Investment Returns	55
Defined Benefit OPEB Plans	
Schedules of Funding Progress	56
Schedules of Employer Contributions	57
Notes to Required Supplementary Information (Unaudited)	58
Additional Information	
Schedule of Administrative Expenses	61
Schedule of Investment Expenses	62

## **Investment Section**

Investment Overview	64
Pooled Investment Fund/Rates of Return	65
Asset Allocation/Investment Summary	66
Schedule of Fees and Commissions/Twenty Largest Equity Holdings	67
Fixed Income Holdings	68

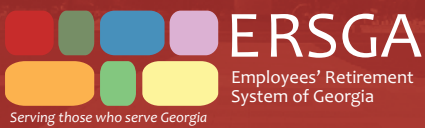
## **Actuarial Section**

Actuary's Certification Letters	70
Summary of Plan Provisions	77
Summary of Actuarial Assumptions	78
Active Members	89
Member and Employer Contribution Rates	91
Defined Benefit Pension Plans	
Schedules of Funding Progress	93
Schedule of Retirees Added to and Removed from Rolls	95
Analysis of Change in Unfunded Accrued Liability	97
Solvency Test Results	100

## **Statistical Section**

Introduction	104
Additions by Source - Contribution/Investment Income	105
Deductions by Type	107
Changes in Fiduciary Net Position	110
Number of Retirees	111
Average Monthly Payments to Retirees	112
Annual Benefit	113
Withdrawal Statistics	114
Average Monthly Benefit Payment for New Retirees	115
Retired Members by Retirement Type	120
Retired Members by Optional Form of Benefit	122
Top Participatory Employers	125
Statistical Data at June 30, 2014	127

# Introductory Section



**ERSGA**  
Employees' Retirement  
System of Georgia

*Serving those who serve Georgia*



## Boards of Trustees

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



Steven N. McCoy  
Chair



Sid Johnson  
Vice-Chair



Harold Reheis



Frank F. Thach, Jr.



Lonice Barrett



Greg S. Griffin



Eli P. Niepoky

Public School Employees Retirement System\*



J. Sammons Pearson

Open Position

State Employees' Assurance Department\*\*



Mark Butler



H. Phillip Bell

Georgia Judicial Retirement System\*



Daniel J. Craig



Dennis Sanders



Larry B. Mims

\*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 Greg S. Griffin, Harold Reheis, Steven N. McCoy, and Sid Johnson serve in addition to the two members shown above.



## Letter of Transmittal

December 23, 2014

I am pleased to present the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014 of the retirement systems and programs administered by the Employees' Retirement System of Georgia (the System). The management of 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

The Employees' Retirement System of Georgia 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 (GDGP) 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 25 through 33 of this report. The investments of all plans are pooled together into one fund except for the three defined contribution plans, which are maintained individually.

The ERS, LRS, GDGP, 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, 2014, the System's defined benefit plans served a total of 126,060 active members and 63,613 retirees/beneficiaries from 901 employers around the state. There were 43,236 participants in the 401(k) plan with a total account balance of \$607 million. The 457 plan had 13,344 participants with a balance of \$590 million. There are 487 participating employers from around the state in the 457 and 401(k) plans.

### Legislation

In the 2014 Session, a total of four Acts impacting ERS and its Systems were passed by the General Assembly and signed by the Governor: Act 497, Act 508, Act 521, and Act 663.

Act 497 allowed a member of ERS who was previously an active member of GJRS to transfer service from GJRS to ERS. No service credited to members creates an accrued liability on the system.

Act 508 updated the Public Retirement Systems Standards law by providing a reference date of June 15, 2013 for Governmental Accounting Standards Board (GASB) Statements 25 and 27.

Act 521 aligned Georgia law with the federal Internal Revenue Code in order to maintain compliance with IRS regulations relating to qualified plan status for ERS. Minor changes were made to the General Provisions (replacing detailed IRC 415 language with a statement that the retirement systems will comply with IRC 415 requirements), LRS (add IRC 414 employer "pick-up" language), and GJRS (add IRC 414 employer "pick-up" language).

Act 663 increased the automatic 401(k) contribution rate from 1% of salary to 5% of salary for newly eligible Georgia State Employees' Pension and Savings Plan (GSEPS) members, the current tier for new hires under ERS, and became effective on July 1, 2014. This change allows employees to take full advantage of the maximum employer matching contributions offered by the State of Georgia. Employees may continue to opt out of the 401(k) plan or otherwise elect to change their contribution rate.

### Summary of Financial Information

The Management of the System is charged with the responsibility of maintaining a sound system of internal accounting controls. The objectives of such a system are to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations, and that they are recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance recognizes that first, the cost of a control should not exceed the benefits likely to be derived, and second, the evaluation of the cost and benefits requires estimates and judgments by management.

Even though there are inherent limitations in any system of internal control, the management of the System makes every effort to ensure that through systematic reporting and internal reviews, errors or fraud would be quickly detected and corrected.

Please refer to the Management’s Discussion and Analysis starting on page 15 of this report for an overview of the financial status of the System, including a summary of the System’s Fiduciary Net Position, Changes in Fiduciary Net Position, and Asset Allocations.

In FY2014, the pooled fund generated a return of 17.3%. 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 64 through 68 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 pages 56, 93, and 94. The latest actuarial valuations as of June 30, 2013 showed the funded ratio of ERS and GJRS decreasing while the funded ratios of PSERS, LRS, and GMPF increased. The decreases of ERS and GJRS are due primarily to the unfavorable investment experience of 2008-2009, the losses of which are now fully recognized. The following table shows the change in funding percentage for each of the pension systems:

	<b>FY2012</b>	<b>FY2013</b>
ERS	73.1%	71.4%
PSERS	79.4%	79.9%
LRS	116.1%	118.4%
GJRS	108.5%	104.8%
GMPF	35.7%	40.4%

Further information regarding the funding condition of the pension plans can be found in the Actuarial Section of this report.

**Excellence in Financial Reporting**

For the fourth consecutive year, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Employees’ Retirement System of Georgia for its comprehensive annual financial report for the fiscal year ended June 30, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial

report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Initiatives**

In FY2014, ERS completed a number of projects focusing on continued enhancements to our member communications, as well as on technology and quality process improvement.

**Communication**

Continuing an initiative begun several years ago, ERS sent out a second round of benefit statements to active members of ERS, LRS, and GJRS. In so doing, ERS also enhanced our delivery capability by making the statements available to the members via the secure member portal of the ERS web site. Upon logging into their accounts, members can go to their “mailbox” to view and print their individual member statements.

ERS launched an effort to better reach our inactive GDCP membership. Many former members of our systems have small account balances that are available to be refunded to them upon their request, and the GDCP plan has the largest number of such accounts. We have therefore begun a campaign to locate and send letters to these former members to remind them of their benefit and let them know how to reach us if they want to take action. For our active membership in all of our systems, we continue to expand our outreach, particularly in the number of benefit fairs, webinars, and videos that we have created or in which we participate. We also began to explore options with a vendor to provide financial education seminars, especially targeting new hires and those who are approaching retirement.

In the area of financial reporting, we have been participating for over a year in a coordinated statewide effort to understand and implement the requirements of the new GASB Statements 67 and 68. GASB 67 is being implemented for our plan-level year-end 2014 reporting, and GASB 68 must be implemented at the participating employer level next year.

**Technology and Quality**

Our online refund application process for the GDCP plan, implemented last year, was very successful as more than half of our GDCP refund applications are now submitted online. This year we expanded the process to include refund applications for terminated ERS and PSERS members. We have also begun design work on a process for members to submit their regular retirement applications via a similar online process.



With system and data security having been so prominently in the news recently, ERS took action to ensure the security of our online presence as well. We contracted with an outside vendor to conduct a comprehensive systems penetration test. The test revealed that we have done very well in keeping our technology up to date, while also providing some recommendations for continued training and awareness for our employees. This process will become part of our regular schedule, with updated testing as often as twice per year going forward.

## Acknowledgements

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,



James A. Potvin, Executive Director  
Employees' Retirement System of Georgia



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Employees' Retirement System  
of Georgia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO



Public Pension Coordinating Council

***Recognition Award for Funding  
2014***

Presented to

***Employees' Retirement System of Georgia***

In recognition of meeting professional standards for  
plan funding as  
set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating Council, a confederation of*

National Association of State Retirement Administrators (NASRA)  
National Conference on Public Employee Retirement Systems (NCPERS)  
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink that reads "Alan H. Winkle".

Alan H. Winkle  
Program Administrator

## Administrative Staff and Organization



James A. Potvin  
Executive Director



Charles W. Cary, Jr.  
CIO - Investment Services



Gregory J. Rooks  
Controller



Chris Hackett  
Director  
Information Technology



Nicole Paisant  
Director  
Human Resources



Susan Anderson  
Chief Operating  
Officer



Carlton Lenoir  
Chief Financial  
Officer



Angie Surface  
Director  
Peach State Reserves  
Quality Assurance

---

### Consulting Services

Cavanaugh Macdonald Consulting, LLC - Actuary  
KPMG LLP - Auditor  
JPMorgan Chase Bank, N. A. - Defined Contribution  
Custodian  
Aon Hewitt - Defined Contribution Consultant

### Medical Advisors

Harold E. Sours, M.D., Atlanta, GA  
G. Lee Cross, M.D., Atlanta, GA  
Douglas Smith, M.D., Smyrna, GA  
William H. Biggers, M.D., Atlanta, GA  
Jeffrey T. Nugent, M.D., Atlanta, GA  
Pedro F. Garcia, M.D., Atlanta, GA  
H. Rudolph Warren, M.D., Dunwoody, GA  
Quinton Pirkle, M.D., Atlanta, GA  
Marvin Bittinger, M.D., Gainesville, GA

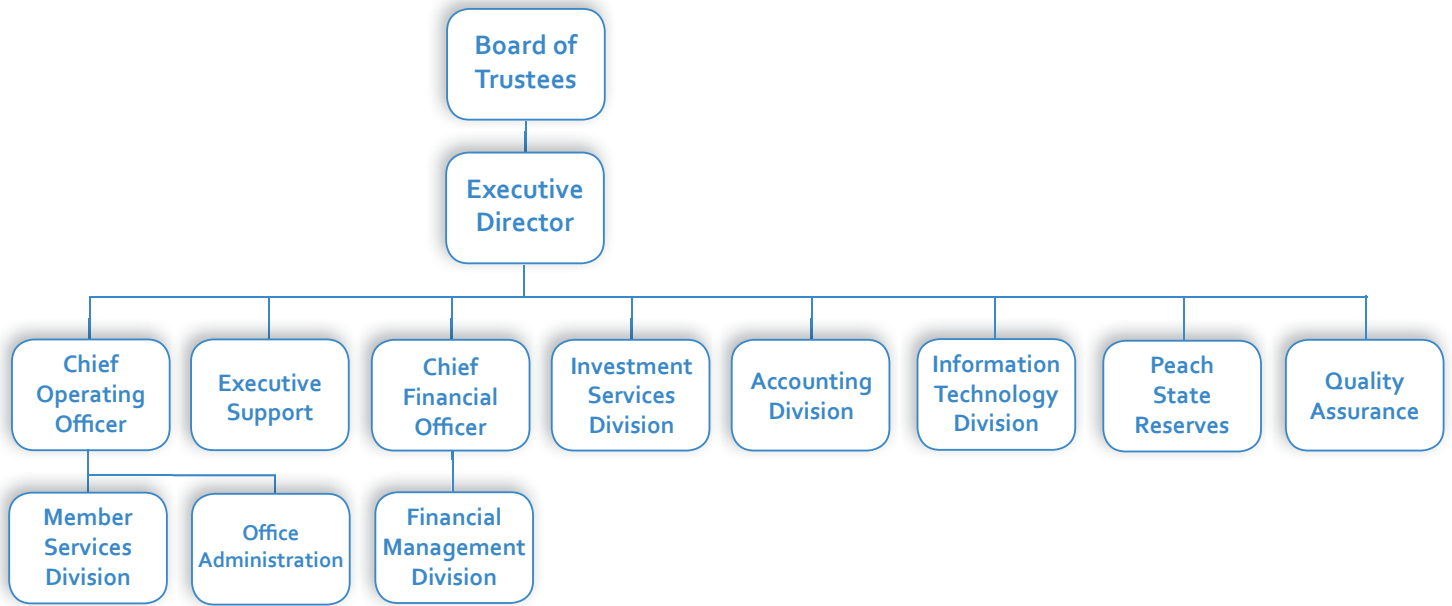
### Investment Advisors\*

Albritton Capital Management  
Baillie Gifford Overseas Limited  
Barrow, Hanley, Mewhinney & Strauss  
Cooke & Bieler  
Denver Investment Advisors

Fisher Investments  
Mondrian Investment Partners Limited  
PENN Capital Management  
Sands Capital Management

\*See page 67 in the Investment Section for a summary of fees paid to Investment Advisors.

# Organizational Chart



# Financial Section





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

## Independent Auditors' Report

The Board of Trustees  
 Employees' Retirement System of Georgia:

### Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the System as of June 30, 2014, and the changes in fiduciary net position for the year then ended in accordance with U.S. generally accepted accounting principles.

### Report on Summarized Comparative Information

We have previously audited the System's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 30, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### Emphasis of Matter

As discussed in note 3(a) to the basic financial statements, in 2014, the System adopted Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*, an amendment of GASB Statement No. 25. Our opinion is not modified with respect to this matter.

### Other Matters

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis, schedules of employers' and nonemployers' contributions, schedules of employers' and nonemployers' net pension liability, schedules of changes in employers' and nonemployers' net pension liability, schedule of investment returns, schedules of funding progress, and schedules of employer contributions on pages 15-20 and 49-57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any



assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The schedules of administrative expenses and investment expenses, introductory, 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of administrative expenses and investment expenses are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory, investment, actuarial, and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2014 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

**KPMG LLP**

December 23, 2014



## Management's Discussion and Analysis (Unaudited)

June 30, 2014

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, 2014. 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 six other defined benefit pension plans, three defined benefit OPEB plans and funds, 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)
- Superior Court Judges Retirement Fund (SCJRF)
- District Attorneys Retirement Fund (DARF)

The defined benefit OPEB plans and funds include:

- State Employees' Assurance Department Active Members Trust Fund (SEAD-Active)
- State Employees' Assurance Department Retired and Vested Inactive Members Trust Fund (SEAD-OPEB)
- Survivor's Benefit Fund

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 position of the System increased by \$1.6 billion, or 10.5%, from \$15.6 billion at June 30, 2013 to \$17.3 billion at June 30, 2014. The increase in net position from 2013 to 2014 was primarily due to the increase in the equity markets in 2014.
- For the year ended June 30, 2014, the total additions to net position were an increase of \$3.2 billion compared to an increase of \$2.4 billion for the year ended June 30, 2013. For the year ended June 30, 2014, the additions consisted of employer, nonemployer contributing entities (nonemployer), and member contributions totaling \$611 million, insurance premiums of \$5.1 million, net investment income of \$2.6 billion, and participant fees of \$1.1 million.

For the year ended June 30, 2013, the total additions to net position were an increase of \$2.4 billion compared to an increase of \$712 million for the year ended June 30, 2012. For the year ended June 30, 2013, the additions consisted of employer, nonemployer and member contributions totaling \$533 million, insurance premiums of \$5.8 million, net investment income of \$1.9 billion, and participant fees of \$0.9 million.

- Net investment income of \$2.6 billion in 2014 (comprised of interest and dividend income, the change in fair value of investments, and other, reduced by investment expenses) represents a \$707 million increase, compared to the net investment income of \$1.9 billion for the year ended June 30, 2013. The increase in net investment income from 2013 to 2014 is due primarily to the increase in equity markets in 2014.
- The total deductions were \$1.55 billion and \$1.53 billion for the years ended June 30, 2014 and 2013, respectively. For the year ended June 30, 2014, the deductions consisted of benefit payments of \$1.5 billion, refunds of \$27 million, death benefits of \$34 million, and administrative expenses of \$14.5 million. For the year ended June 30, 2013, the deductions consisted of benefit payments of \$1.5 billion, refunds of \$22.5 million, death benefits of \$32 million, and administrative expenses of

## Management's Discussion and Analysis (Unaudited)

\$14.4 million. Administrative expenses and related total deductions reflect the implementation of Governmental Accounting Standards Board (GASB) Statement No. 67 which requires investment-related costs to be reported as investment expense, a component of net investment income rather than administrative expense. For fiscal year 2013, these costs have been reclassified, from administrative expense to investment expense, for comparative purposes.

- Benefit payments paid to retirees and beneficiaries had a slight increase of \$7.3 million, or 0.5%, from \$1.466 billion in 2013 to \$1.473 billion in 2014, resulting primarily from a slight increase in the number of new retirees and beneficiaries applying for benefits across all plans.

### Overview of the Financial Statements

The basic financial statements include (1) the combining statement of fiduciary net position and changes in fiduciary net position, (2) the defined benefit plans combining statements of fiduciary net position and changes in fiduciary net position, 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 six types of required supplementary schedules, which provide historical trend information about the plan. The six types of schedules include (1) Schedule of Employers' and Nonemployers' Contributions (2) Schedule of Employers' and Nonemployers' Net Pension Liability (3) Schedule of Changes in Employers' and Nonemployers' Net Pension Liability (4) Schedule of Investment Returns (5) Schedule of Funding Progress and (6) 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 as promulgated by the GASB. These statements provide information about the System's overall financial status.

### Description of the Financial Statements

The *Combining Statement of Fiduciary Net Position* is the statement of financial position presenting information that includes all of the System's assets and liabilities, with the balance representing the *Net Position Restricted for Pensions and OPEB*. The investments of the System in this statement are presented at fair value. This statement is presented on page 21.

The *Combining Statement of Changes in Fiduciary Net Position* reports how the System's net position changed during the fiscal year. The additions include contributions to the retirement plans from employers, nonemployers, 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, net of investment expenses. 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 23.

The Defined Benefit Plans *Combining Statement of Fiduciary Net Position* and the *Combining Statement of Changes in Fiduciary Net Position* present the financial position and changes in financial position for each of the funds administered by the System. These statements are on pages 22 and 24, respectively.

*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 25.

*Required Supplementary Information* begins on page 49. The required schedules are discussed as follows:

- The *Schedule of Employers' and Nonemployers' Contributions* presents the required contributions and the percent of required contributions actually contributed.
- The *Schedule of Employers' and Nonemployers' Net Pension Liability* presents the components of the net pension liability as of the fiscal year end and the fiduciary net position as a percentage of the total pension liability as of that date. This trend information will be accumulated to display a ten-year presentation.

## Management's Discussion and Analysis (Unaudited)

- The *Schedule of Changes in Employers' and Nonemployers' Net Pension Liability* presents total pension liability and is measured as total pension liability less the amount of the fiduciary net position. This trend information will be accumulated to display a ten year presentation.
- The *Schedule of Investment Returns* presents historical trend information about the annual money-weighted rate of return on plan investments, net of plan investment expense. This trend information will be accumulated to display a ten year presentation.

Three of the required schedules above, the *Schedule of Employers' and Nonemployers' Contributions*, the *Schedule of Employers' and Nonemployers' Net Pension Liability*, and *Schedule of Changes in Employers' and Nonemployers' Net Pension Liability* are applicable to five of the defined benefit pension plans: ERS, PSERS, LRS, GJRS, and GMPF.

Two additional required schedules, the *Schedule of Funding Progress* and the *Schedule of Employer Contributions* relate to defined benefit OPEB plans, which are postemployment benefit plans. 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.

*Notes to Required Supplementary Information* are presented to provide the information necessary for a full understanding of the supplementary schedules. The notes to required supplementary schedules begin on page 58.

Additional information is presented, beginning on page 61, which includes the *Schedule of Administrative Expenses – Contributions and Expenses*. The *Schedule of Administrative Expenses – Contributions and Expenses* 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. This schedule reflects the implementation of GASB 67 which requires investment related costs to be reported as investment expense, a component of net investment income. For fiscal year 2013, these costs have been reclassified from administrative expense to investment expense, for comparative purposes.

## Management's Discussion and Analysis (Unaudited)

### Financial Analysis of the System

A summary of the System's net position at June 30, 2014 and 2013 is as follows:

	Net Position (in thousands)		Amount Change	Percentage Change
	2014	2013		
<b>Assets:</b>				
Cash, cash equivalents, and receivables	\$ 384,416	419,213	(34,797)	(8.3)%
Investments	16,917,235	15,242,010	1,675,225	11.0
Capital assets, net	6,797	3,778	3,019	79.9
<b>Total assets</b>	<b>17,308,448</b>	<b>15,665,001</b>	<b>1,643,447</b>	<b>10.5</b>
<b>Liabilities:</b>				
Due to brokers and accounts payable	41,756	40,720	1,036	2.5
<b>Net position</b>	<b>\$ 17,266,692</b>	<b>15,624,281</b>	<b>1,642,411</b>	<b>10.5 %</b>

## Management's Discussion and Analysis (Unaudited)

The following table presents the investment allocation at June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
<b><u>Asset allocation at June 30 (in percentages):</u></b>		
Equities:		
Domestic	49.5%	51.8%
International	17.7	16.3
Private equity	0.1	–
Domestic obligations:		
U.S. Treasuries	9.3	13.2
U.S. Agencies	0.1	0.1
Corporate and other bonds	14.0	10.5
International obligations:		
Governments	0.5	0.6
Corporates	1.7	0.6
Mutual and common collective trust funds and separate accounts	7.1	6.9
<b><u>Asset allocation at June 30 (in thousands):</u></b>		
Equities:		
Domestic	\$ 8,372,234	\$ 7,887,778
International	2,999,387	2,485,682
Private equity	21,914	–
Domestic obligations:		
U.S. Treasuries	1,573,719	2,019,495
U.S. Agencies	10,028	18,074
Corporate and other bonds	2,374,957	1,605,803
International obligations:		
Governments	78,652	85,050
Corporates	276,764	82,707
Mutual and common collective trust funds and separate accounts	1,209,580	1,057,421
	<u>\$ 16,917,235</u>	<u>\$ 15,242,010</u>

The total investment portfolio increased by \$1.7 billion from 2013, which is primarily due to the increase in the equity markets in 2014.

The implementation of GASB Statement No. 67 requires the System to report an annual money-weighted rate of return on plan investments, net of plan investment expense. A money-weighted return is weighted by the amount of dollars in the fund at the beginning and end of the performance period. A money-weighted return is highly influenced by the timing of cash flows into and out of the fund and is a better measure of an entity or person who controls the cash flows into and out of the fund. The nondiscretionary cash flows of the plan, primarily contributions and benefit payments, have a considerable impact on the money-weighted returns of the portfolio. The money-weighted rate of return for the fiscal year ended June 30, 2014 was 5.95%.

The investment rate of return in fiscal year ended June 30, 2014 was 17.3% with a 23.7% return on equities, a 6.8% return on private equity (inception date of October 3, 2013) and a 3.1% return on fixed income investments. The five-year annualized rate of return on investments at June 30, 2014 was 12.8%, with a 17.3% return on equities and a 4.4% return on fixed income investments.

## Management's Discussion and Analysis (Unaudited)

A summary of the changes in the System's net position for the year ended June 30, 2014 is as follows:

	Changes in Net Position (in thousands)		Amount Change	Percentage Change
	2014	2013		
<b>Additions:</b>				
Employer contributions	\$ 445,214	369,224	75,990	20.6 %
Nonemployer contributions	39,107	38,695	412	1.1
Member contributions	126,732	125,131	1,601	1.3
Participant fees	1,122	948	174	18.4
Insurance premiums	5,109	5,774	(665)	(11.5)
Net investment income	2,573,389	1,866,275	707,114	37.9
Other	7	7	—	—
<b>Total additions</b>	<b>3,190,680</b>	<b>2,406,054</b>	<b>784,626</b>	<b>32.6</b>
<b>Deductions:</b>				
Benefit payments	1,472,803	1,465,545	7,258	0.5
Refunds	27,044	22,490	4,554	20.2
Death benefits	33,946	32,044	1,902	5.9
Administrative expenses	14,476	14,395	81	0.6
<b>Total deductions</b>	<b>1,548,269</b>	<b>1,534,474</b>	<b>13,795</b>	<b>0.9</b>
<b>Net increase in net position</b>	<b>\$ 1,642,411</b>	<b>871,580</b>	<b>770,831</b>	<b>88.4 %</b>

Note: This schedule reflects the implementation of GASB 67 which requires investment-related costs to be reported as investment expense, a component of net investment income. For fiscal year 2013, these costs have been reclassified for comparative purposes, from administrative expenses to investment expense, which is included in net investment income. Additionally, nonemployer contributions have been reclassified from employer contributions.

*Additions* – The System accumulates resources needed to fund benefit payments through contributions and returns on invested funds. In fiscal year 2014, total contributions increased 15%, primarily because of an increase in the employer contribution rates coupled with modest overall salary increases. Net investment income increased by \$707 million, primarily due to the increase in the equity markets in 2014.

*Deductions* – For fiscal year 2014, total deductions increased 0.9%, primarily because of a 0.5% increase in benefit payments. This was due to an increase of approximately 0.3% in the number of retirees receiving benefit payments across all defined benefit pension plans. Refunds increased by 20.2%, which was primarily due to an increase in the number of refunds processed during 2014. Death benefits increased by 5.9%, which was primarily due to an increase in the number of death claims processed during 2014. Administrative expenses increased by 0.6% over the prior year, primarily due to an increase in required employer retirement contributions, contractual services, and computer services.

### Requests for Information

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.

## Combining Statement of Fiduciary Net Position

June 30, 2014 (with comparative totals as of June 30, 2013)  
(In thousands)

Assets	Defined Contribution Plans						Total	
	Defined Benefit Plans	Pooled Investment Fund	Georgia Defined Contribution Plan	401(k) Plan	457 Plan	Eliminations	2014	2013
<b>Cash and cash equivalents</b>	\$ 26,923	230,181	47,191	24	25	—	304,344	335,347
<b>Receivables:</b>								
Contributions	24,885	—	796	1,758	345	—	27,784	30,440
Interest and dividends	—	42,984	208	—	—	—	43,192	43,102
Due from brokers for securities sold	—	7,160	—	—	—	—	7,160	8,543
Other	1,378	—	—	427	131	—	1,936	1,781
Unremitted insurance premiums	759	—	—	—	—	(759)	—	—
<b>Total receivables</b>	27,022	50,144	1,004	2,185	476	(759)	80,072	83,866
<b>Investments - at fair value:</b>								
Domestic obligations:								
U.S. Treasuries	—	1,573,719	—	—	—	—	1,573,719	2,019,495
U.S. Agencies	—	—	10,028	—	—	—	10,028	18,074
Corporate and other bonds	—	2,324,117	50,840	—	—	—	2,374,957	1,605,803
International obligations:								
Governments	—	78,652	—	—	—	—	78,652	85,050
Corporates	—	276,764	—	—	—	—	276,764	82,707
Equities:								
Domestic	—	8,372,234	—	—	—	—	8,372,234	7,887,778
International	—	2,999,387	—	—	—	—	2,999,387	2,485,682
Private equity	—	21,914	—	—	—	—	21,914	—
Mutual funds, common collective trust funds, and separate accounts	—	—	—	616,687	592,893	—	1,209,580	1,057,421
Equity in pooled investment fund	15,913,400	—	—	—	—	(15,913,400)	—	—
<b>Total investments</b>	15,913,400	15,646,787	60,868	616,687	592,893	(15,913,400)	16,917,235	15,242,010
<b>Capital assets, net</b>	6,797	—	—	—	—	—	6,797	3,778
<b>Total assets</b>	15,974,142	15,927,112	109,063	618,896	593,394	(15,914,159)	17,308,448	15,665,001
<b>Liabilities</b>								
Accounts payable and other	22,970	2,001	563	3,700	811	—	30,045	31,751
Due to brokers for securities purchased	—	11,711	—	—	—	—	11,711	8,989
Insurance premiums payable	759	—	—	—	—	(759)	—	—
Due to participating systems	—	15,913,400	—	—	—	(15,913,400)	—	—
<b>Total liabilities</b>	23,729	15,927,112	563	3,700	811	(15,914,159)	41,756	40,720
<b>Net position restricted for pensions and OPEB</b>	\$ 15,950,413	—	108,500	615,196	592,583	—	17,266,692	15,624,281

See accompanying notes to financial statements.

# Defined Benefit Plans – Combining Statement of Fiduciary Net Position

June 30, 2014  
(In thousands)

	Defined Benefit Pension Plans						Defined Benefit OPEB Plans				Defined Benefit Plans Total	
	Employees' Retirement System	Public School Employees Retirement System	Legislative Retirement System	Georgia Judicial Retirement System	Georgia Military Pension Fund	Superior Court Judges Retirement Fund	District Attorneys Retirement Fund	State Employees' Insurance Department Active	State Employees' Insurance Department OPEB	Survivors Benefit Fund		
<b>Assets</b>												
Cash and cash equivalents	\$ 25,731	87	25	409	6	25	2	107	433	98		26,923
<b>Receivables:</b>												
Contributions	24,800	2	28	255	—	—	—	—	—	—	—	24,885
Interest and dividends	—	—	—	—	—	—	—	—	—	—	—	—
Due from brokers for securities sold	—	—	—	—	—	—	—	—	—	—	—	—
Other	1,378	—	—	—	—	—	—	—	—	—	—	1,378
Unremitting insurance premiums	—	—	—	—	—	—	—	85	674	—	—	759
<b>Total receivables</b>	25,978	2	28	255	—	—	—	85	674	—	—	27,022
<b>Investments - at fair value:</b>												
Domestic obligations:												
U.S. Treasuries	—	—	—	—	—	—	—	—	—	—	—	—
U.S. Agencies	—	—	—	—	—	—	—	—	—	—	—	—
Corporate and other bonds	—	—	—	—	—	—	—	—	—	—	—	—
International obligations:												
Governments	—	—	—	—	—	—	—	—	—	—	—	—
Corporates	—	—	—	—	—	—	—	—	—	—	—	—
Equities:												
Domestic	—	—	—	—	—	—	—	—	—	—	—	—
International	—	—	—	—	—	—	—	—	—	—	—	—
Mutual funds, common collective trust funds, and separate accounts	—	—	—	—	—	—	—	—	—	—	—	—
Equity in pooled investment fund	13,254,496	822,744	32,808	400,723	15,278	—	—	235,210	1,037,189	114,952	—	15,913,400
<b>Total investments</b>	13,254,496	822,744	32,808	400,723	15,278	—	—	235,210	1,037,189	114,952	—	15,913,400
Capital assets, net	6,797	—	—	—	—	—	—	—	—	—	—	6,797
<b>Total assets</b>	13,313,002	822,833	32,861	401,387	15,284	25	2	235,402	1,038,296	115,050	—	15,974,142
<b>Liabilities</b>												
Accounts payable and other	20,726	1,100	65	585	33	22	—	44	395	—	—	22,970
Due to brokers for securities purchased	—	—	—	—	—	—	—	—	—	—	—	—
Insurance premiums payable	745	—	2	12	—	—	—	—	—	—	—	759
Due to participating systems	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total liabilities</b>	21,471	1,100	67	597	33	22	—	44	395	—	—	23,729
<b>Net position restricted for pensions and OPEB</b>	\$ 13,291,531	821,733	32,794	400,790	15,251	3	2	235,358	1,037,901	115,050	—	15,950,413

See accompanying notes to financial statements.



## Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2014 (with comparative totals for the year ended June 30, 2013)  
(In thousands)

	Defined Contribution Plans					Total	
	Defined Benefit Plans	Pooled Investment Fund	Georgia Defined Contribution Plan	401(k) Plan	457 Plan	2014	2013
<b>Additions:</b>							
Contributions:							
Employer	\$ 423,701	—	—	21,513	—	445,214	369,224
Nonemployer	39,107	—	—	—	—	39,107	38,695
Member	39,095	—	16,290	53,724	17,623	126,732	125,131
Participant fees	—	—	—	1,122	—	1,122	948
Insurance premiums	5,109	—	—	—	—	5,109	5,774
Administrative expense allotment	7	—	—	—	—	7	7
Investment income:							
Net increase in fair value of investments	—	2,103,091	445	80,064	73,837	2,257,437	1,537,278
Interest and dividends	—	333,072	980	—	—	334,052	344,298
Other	—	—	—	523	748	1,271	1,204
Less investment expenses	(7,846)	(8,625)	(57)	(2,004)	(839)	(19,371)	(16,505)
Allocation of investment income	2,427,538	(2,427,538)	—	—	—	—	—
Net investment income	2,419,692	—	1,368	78,583	73,746	2,573,389	1,866,275
<b>Total additions</b>	<b>2,926,711</b>	<b>—</b>	<b>17,658</b>	<b>154,942</b>	<b>91,369</b>	<b>3,190,680</b>	<b>2,406,054</b>
<b>Deductions:</b>							
Benefit payments	1,383,854	—	9	43,133	45,807	1,472,803	1,465,545
Refunds of member contributions and interest	9,323	—	17,721	—	—	27,044	22,490
Death benefits	33,946	—	—	—	—	33,946	32,044
Administrative expenses	10,373	—	991	2,300	812	14,476	14,395
<b>Total deductions</b>	<b>1,437,496</b>	<b>—</b>	<b>18,721</b>	<b>45,433</b>	<b>46,619</b>	<b>1,548,269</b>	<b>1,534,474</b>
Net increase in net position	1,489,215	—	(1,063)	109,509	44,750	1,642,411	871,580
<b>Net position restricted for pensions and OPEB:</b>							
Beginning of year	14,461,198	—	109,563	505,687	547,833	15,624,281	14,752,701
End of year	\$ 15,950,413	—	108,500	615,196	592,583	17,266,692	15,624,281

See accompanying notes to financial statements.

# Defined Benefit Plans – Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2014  
(In thousands)

	Defined Benefit Pension Plans							Defined Benefit OPEB Plans			
	Employees' Retirement System	Public School Employees Retirement System	Legislative Retirement System	Georgia Judicial Retirement System	Georgia Military Pension Fund	Superior Court Judges Retirement Fund	District Attorneys Retirement Fund	State Employees' Assurance Department Active	State Employees' Assurance Department OPEB	Survivors Benefit Fund	Defined Benefit Plans Total
<b>Additions:</b>											
Contributions:											
Employer	\$ 418,807	—	45	1,373	1,892	1,504	80	—	—	—	423,701
Nonemployer Member	10,945	27,160	—	1,002	—	—	—	—	—	—	39,107
Participant fees	32,423	1,659	282	4,731	—	—	—	—	—	—	39,095
Insurance premiums	—	—	—	—	—	—	—	607	4,502	—	—
Administrative expense allotment	—	—	—	—	—	6	1	—	—	—	5,109
Investment income:											
Net increase in fair value of investments	—	—	—	—	—	—	—	—	—	—	—
Interest and dividends	—	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—	—
Less investment expenses	(6,859)	(309)	(12)	(149)	(5)	—	—	(51)	(461)	—	(7,846)
Allocation of investment income	2,028,607	124,108	4,981	60,161	2,184	—	—	35,124	155,329	17,044	2,427,538
Net investment income	2,021,748	123,799	4,969	60,012	2,179	—	—	35,073	154,868	17,044	2,419,692
<b>Total additions</b>	<b>2,483,923</b>	<b>152,618</b>	<b>5,296</b>	<b>67,118</b>	<b>4,071</b>	<b>1,510</b>	<b>81</b>	<b>35,660</b>	<b>159,370</b>	<b>17,044</b>	<b>2,926,711</b>
<b>Deductions:</b>											
Benefit payments	1,305,998	56,189	1,801	17,441	841	1,504	80	—	—	—	1,383,854
Refunds of member contributions and interest	8,757	514	30	22	—	—	—	—	—	—	9,323
Death benefits	—	—	—	—	—	—	—	5,055	28,891	—	33,946
Administrative expenses	7,440	1,450	152	754	110	6	1	46	414	—	10,373
<b>Total deductions</b>	<b>1,322,195</b>	<b>58,153</b>	<b>1,983</b>	<b>18,217</b>	<b>951</b>	<b>1,510</b>	<b>81</b>	<b>5,101</b>	<b>29,305</b>	<b>—</b>	<b>1,437,496</b>
<b>Transfers to (from) other plans</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>5</b>	<b>(5)</b>	<b>—</b>
Net increase in net position	1,161,728	94,465	3,313	48,901	3,120	—	—	30,579	130,070	17,039	1,489,215
<b>Net position restricted for pensions and OPEB:</b>											
Beginning of year, as adjusted (Note 3g)	12,129,803	727,268	29,481	351,889	12,131	3	2	204,779	907,831	98,011	14,461,198
End of year	\$ 13,291,531	821,733	32,794	400,790	15,251	3	2	235,358	1,037,901	115,050	15,950,413

See accompanying notes to financial statements.

## Notes to Financial Statements

June 30, 2014

### (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), Survivors Benefit Fund, Superior Court Judges Retirement Fund (SCJRF), District Attorneys Retirement Fund (DARF), Georgia Defined Contribution Plan (GDGP), 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. 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. There were 425 employers and 1 nonemployer contributing entity participating in the plan during 2014.

#### Membership

As of June 30, 2014, participation in ERS is as follows:

Inactive members and beneficiaries currently receiving benefits	45,819
Inactive members entitled to benefits but not yet receiving benefits	81,621
Active plan members	60,490
Total	187,930

#### Benefits

The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the old plan started membership prior to July 1, 1982 and are subject to 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 modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

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.

## Notes to Financial Statements

### 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.

Pursuant to The Official Code of Georgia Annotated (O.C.G.A.) 47-2-292 the employer contributions for local tax commissioners are funded by the State of Georgia on behalf of the local county employer and pursuant to O.C.G.A. 47-2-290 the employer contribution for certain State Court employees is funded by the State on behalf of the local county employer.

Employer and nonemployer contributions as a percentage of covered payroll required for fiscal year 2014 were based on the June 30, 2011 actuarial valuation for the old plan, new plan, and GSEPS as follows:

	<u>Old Plan</u>	<u>New Plan</u>	<u>GSEPS</u>
Employer and nonemployer:			
Normal	1.51%	6.26%	2.98%
Employer paid for member	4.75	—	—
Accrued liability	12.20	12.20	12.20
Total	<u>18.46%</u>	<u>18.46%</u>	<u>15.18%</u>

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.

- (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. There were 184 employers and 1 nonemployer contributing entity participating in the plan during 2014.

### Membership

As of June 30, 2014, participation in PSERS is as follows:

Inactive members and beneficiaries currently receiving benefits	16,434
Inactive members entitled to benefits but not yet receiving benefits	77,322
Active plan members	<u>36,109</u>
Total	<u>129,865</u>

### 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 may make periodic cost-of-living adjustments to the monthly benefits.

## Notes to Financial Statements

### Contributions and Vesting

Individuals who became members prior to July 1, 2012 contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute \$10 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, 2014 were \$692 per active member and were based on the June 30, 2011 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 single-employer defined benefit pension plan established by the Georgia General Assembly from 1967-1971, and later reestablished 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. There was one employer in the plan for 2014.

### Membership

As of June 30, 2014, participation in LRS is as follows:

Inactive members and beneficiaries currently receiving benefits	259
Inactive members entitled to benefits but not yet receiving benefits	148
Active plan members	222
Total	629

### 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, 2014 based on the June 30, 2011 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.

## Notes to Financial Statements

- (d) GJRS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly in 1998 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.

The GJRS was also 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. There were 92 employers and 1 nonemployer contributing entity participating in the plan during 2014.

### Membership

As of June 30, 2014, participation in GJRS is as follows:

Inactive members and beneficiaries currently receiving benefits	278
Inactive members entitled to benefits but not yet receiving benefits	66
Active plan members	514
Total	858

### 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 66⅔% of state paid salary at retirement for district attorneys and superior court judges and 66⅔% 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.

### Contributions and Vesting

Members are required to contribute 7.5% of their annual salary. Those who became members prior to July 1, 2012 must also contribute 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.

Pursuant to O.C.G.A. 47-23-81 the employer contributions for state court judges and solicitors are funded by the State of Georgia on behalf of the local county employers and pursuant to O.C.G.A. 47-23-82 the employer contributions for juvenile court judges are funded by the State on behalf of local county employers.

Employer and nonemployer contributions required for fiscal year 2014 were based on the June 30, 2011 actuarial valuation as follows:

Employer:	
Normal	12.78 %
Accrued liability	(8.55)
Total	4.23 %

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.

## Notes to Financial Statements

- (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, 2014, GMPF had 795 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, 2014 were \$137.32 per active member and were based on the June 30, 2011 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.

- (f) SEAD-Active is a cost-sharing multiple-employer defined other post employment benefit plan 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, and GJRS. Effective July 1, 2009, no newly hired members of any Georgia public retirement system are eligible for term life insurance under SEAD. 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. There were 482 employers participating in the plan during 2014.

As of June 30, 2014, participation in SEAD-Active is as follows:

Retirees and beneficiaries	n/a
Terminated employees	–
Active plan members	38,711
Total	<u>38,711</u>

Employee contribution rates of 0.05% or 0.02% of member's salaries were appropriated for the fiscal year ending June 30, 2014 as follows: ERS Old Plan – 0.05% and ERS New Plan, LRS and GJRS – 0.02%. ERS 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.

Georgia law provides that employee contributions to the plan shall be in an amount established by the Board of Trustees not to exceed one-half of 1% of the member's earnable compensation. There were no employer contributions required for the fiscal year ended June 30, 2014.

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 position represents 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.

## Notes to Financial Statements

The amount of insurance coverage is equal to 18 times monthly earnable compensation frozen at age 60. For members with no creditable service prior to April 1, 1964, the amount decreases from age 60 by a half of 1% per month until age 65 at which point the member will be covered for 70% of the age 60 coverage. Life insurance proceeds are paid in lump sum to the beneficiary upon death of the member.

Administrative costs for the plan are determined based on the plan's share of overhead costs to accumulate and invest funds, actuarial services, and to process benefit payments to beneficiaries. Administrative fees are financed from the assets of the plan.

- (g) SEAD-OPEB is a cost-sharing multiple-employer defined other post employment benefit plan 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, and GJRS. Effective July 1, 2009, no newly hired members of any Georgia public retirement system are eligible for term life insurance under SEAD. 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. There were 482 employers participating in the plan during 2014.

As of June 30, 2014, participation in SEAD-OPEB is as follows:

Retirees and beneficiaries	40,789
Terminated employees	1,038
Active plan members	38,711
Total	80,538

Employee contribution rates of 0.45% or 0.23% of member's salaries were appropriated for the fiscal year ending June 30, 2014 as follows: ERS old plan— 0.45% and ERS new plan, LRS and GJRS – 0.23%. ERS 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.

Georgia law provides that employee contributions to the plan shall be in an amount established by the Board of Trustees not to exceed one-half of 1% of the member's earnable compensation. There were no employer contributions required for the fiscal year ended June 30, 2014.

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 position represents 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.

The amount of insurance for a retiree with creditable service prior to April 1, 1964 is the full amount of insurance under SEAD-Active in effect on the date of retirement. The amount of insurance for a service retiree with no creditable service prior to April 1, 1964 is 70% of the amount of insurance under SEAD-Active at age 60 or at termination, if earlier. Life insurance proceeds are paid in lump sum to the beneficiary upon death of the retiree.

Administrative costs for the plan are determined based on the plan's share of overhead costs to accumulate and invest funds, actuarial services, and to process benefit payments to beneficiaries. Administrative fees are financed from the assets of the plan.

- (h) Survivors Benefit Fund (SBF) was established under O.C.G.A. 47-2-128(c)(3) within the ERS trust solely for maintaining group term life insurance coverage for members of the plan. All assets of SBF are therefore limited to the payment of benefits and expenses for such coverage and cannot be used to pay pension benefits of ERS. SBF is shown on the financial statements separately with the OPEB plans to closely align with their ultimate purpose. While shown with the OPEB plans for reporting purposes, SBF may only be used to pay benefits or expenses of SEAD-OPEB or SEAD-Active with authorization by the ERS Board of Trustees. There are no liabilities associated with this fund and an actuarial valuation is not prepared, as there are no funding requirements.



## Notes to Financial Statements

- (i) 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, 2014, SCJRF had 20 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.

- (j) DARF is a multiple-employer 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, 2014, 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.

- (k) 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. There were 67 employers participating in the plan during 2014. There were 131,869 members as of June 30, 2014.

### 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.

## Notes to Financial Statements

- (l) 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.

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. Aon Hewitt and JPMorgan Chase 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, some matching, some automatic, and some a combination of both, to eligible employees at various rates (limited to a maximum of \$255,000 base salary for calendar year 2013 and \$260,000 base salary for calendar year 2014). 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 and 50% of contribution percents 2 through 5. Therefore, the state will match 3% of salary when an employee contributes at least 5% to the 401(k) plan. Employee contributions greater than 5% of salary do not receive any matching funds. Plan participants who are not employees of the GLC, a CSB, Walton and Henry County Boards of Education, or who are not GSEPS eligible 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

## Notes to Financial Statements

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

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 his or her vested accounts upon attaining age 59.5, qualifying financial hardship, or 30 days after 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. Employees who die while actively employed and eligible for 401(k) employer matching contributions become fully vested in employer contributions upon death. Distributions are made in installments or in a lump sum.

- (m) 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. Aon Hewitt and JPMorgan Chase 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 age 70.5, termination, retirement, death, or unforeseeable emergency as defined in the 457 Plan. 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.

## Notes to Financial Statements

### (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, nonemployers, and members are recognized when due, based on statutory requirements. Retirement benefits and refund payments are recognized as deductions when due and payable.

During fiscal year 2014, the System adopted the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*, an amendment of GASB Statement No. 25. This Statement establishes new financial reporting standards for state and local governmental pension plans that are administered through a trust or similar arrangement. This statement resulted in changes to the actuarial calculation of total and net pension liability and comprehensive related footnote disclosure and supplementary schedule.

#### (b) Reporting Entity

The System is a component unit of the State of Georgia, however, it is accountable for its own fiscal matters and presentation of its separate financial statements. The System has considered potential component units under GASB Statements No. 61, *The Financial Reporting Entity's Omnibus – An Amendment of GASB Statement No. 14 and No. 34*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and determined there were no component units of the System.

#### (c) Cash and Cash Equivalents

Cash and cash equivalents, reported at cost, include cash on deposit at banks, cash on deposit with the investment custodian earning a credit to offset fees and short-term highly liquid financial securities with original maturities of three months or less from the date of acquisition.

#### (d) Investments

Investments are reported at fair value. Equity securities traded on a national or international exchange are valued at the last reported sales price. Private equity fair value is measured using the valuation of the underlying companies as reported by the general partner. These investments, in the form of limited partnerships, reflect values and related performance on a quarter lag basis due to the nature of the investments and the time it takes to value them. The estimated fair value of investments without readily ascertainable market values could differ significantly if a ready market for these assets existed. For fixed income securities, values are based primarily on quoted market prices provided by independent pricing sources. Global foreign exchange holdings are translated using a third party vendor. 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, foreign currency, 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.

The System's policy in regard to the allocation of invested assets is established on a cost basis in compliance with Georgia statute. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the System's adopted asset allocation policy as of June 30, 2014:

Asset Class	Target Allocation
Fixed income	25%-45%
Equities	55%-75%
Alternative investments	0%-5%
Cash and cash equivalents	—
Total	100%

## Notes to Financial Statements

Approximately 9.4% of the investments held in trust for pension benefits are invested in debt securities of the U.S. government and its instrumentalities, of which 9.3% are U.S. government debt securities and 0.1% are debt securities of the U.S. government instrumentalities. The System has no investments in any one organization, other than those issued by the U.S. government and its instrumentalities, that represent 5% or more of the System's net position restricted for pensions and OPEB.

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.95%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(e) **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 combined statement of changes in fiduciary net position in the period of disposal.

(f) **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 position and changes therein. Actual results could differ from those estimates.

(g) **Adoption of New Accounting Standard**

During fiscal year 2014, the System adopted the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*, an amendment of GASB Statement No. 25. The implementation of GASB Statement No. 67 resulted in a change in reporting from the previous year. GASB Statement No. 67 requires the net pension liability to be measured as the total pension liability, less the amount of the plan's fiduciary net position. Under O.C.G.A. 47-2-128(c)(3), the Survivors Benefit Fund (SBF) was established within the ERS trust solely for maintaining group term life insurance coverage for members of the plan. All assets of SBF are therefore limited to the payment of benefits and expenses for such coverage and cannot be used to pay pension benefits of ERS. System management determined based on consultation with legal counsel that SBF assets while previously included as a part of the ERS trust, under GASB 67 such amounts could not be reported as assets available to meet pension obligations. Amounts were reclassified to report SBF as a fund under OPEB plans to properly characterize that these assets are available to provide life insurance benefits for plan member if approved by the ERS Board of Trustees. The following reflects the impact of reporting the SBF in connection with the provisions of GASB 67 (dollars in thousands):

	<u>ERS</u>	<u>SBF</u>
Net position - beginning of year as previously reported	\$ 12,227,814	-
Adjustment	(98,011)	98,011
Net position - beginning of year as adjusted	<u>\$ 12,129,803</u>	<u>98,011</u>

## Notes to Financial Statements

### (4) *Investment Program*

The System maintains sufficient cash to meet its immediate liquidity needs. Cash not immediately needed is invested as directed by the Board of Trustees. All investments are held by agent custodial banks in the name of the System. 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) **Cash and Cash Equivalents**

The carrying amount of the System's deposits totaled \$289,344,798 at June 30, 2014 with actual bank balances of \$295,256,178. The System's bank balances of \$278,550,770 are fully insured through the Federal Deposit Insurance Corporation, an independent agency of the U.S. government. The remaining bank deposits \$16,705,408 are uninsured and uncollateralized.

Short-term highly liquid financial securities 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 \$15,000,000 at June 30, 2014.

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

- U.S. Treasury obligations.
- 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.

#### (b) **Investments**

Fixed income investments are authorized in the following instruments:

- U.S. and foreign government obligations. At June 30, 2014, the System held U.S. Treasury bonds of \$1,573,718,920 and international government bonds of \$78,651,610.
- Obligations unconditionally guaranteed by agencies of the U.S. government. At June 30, 2014, the System held agency bonds of \$10,027,950.
- Corporate bonds with at least an "A" rating by a national rating agency. At June 30, 2014, the System held U.S. corporate bonds of \$2,374,957,270 and international corporate bonds of \$276,764,370.
- Private placements are authorized under the same general restrictions applicable to corporate bonds. At June 30, 2014, the System did not hold private placements.

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 75% 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 matters 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

## Notes to Financial Statements

eligible for investment are approved by the Investment Committee of the Board of Trustees before being placed on an approved list.

Equity investments are authorized in the following instruments:

- Domestic equities are those securities considered by O.C.G.A. to be domiciled in the United States. At June 30, 2014, the System held domestic equities of \$8,372,233,711.
- International equities, including American Depository Receipts (ADR), are not considered by the O.C.G.A. to be domiciled in the United States. At June 30, 2014, the System held international equities of \$333,964,318 and ADRs of \$2,665,423,257.
- Alternative investments are authorized (in statutes) to provide portfolio diversification and to enhance the risk-adjusted rate of return for the retirement fund that benefits the members of the System. By statute, the allocation to alternative investments shall not, in the aggregate, exceed 5% of the System's plan assets at any time. Further, in any calendar year, new commitments to alternative investments shall not, in the aggregate exceed 1% of the System's plan assets until the first occurrence that 4 ½% of the assets have been invested, at which time there shall be no limit on the percentage of commitments that may be made in any calendar year, subject to compliance with other provisions of the statute. At June 30, 2014, the System held private equity investments of \$21,913,875.

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 investment options that own one or more of 2 mutual funds, 11 common collective trust funds, and 2 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, 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, 2014 were as follows (dollars in thousands):

	Fair Value	Units
Employees' Retirement System	\$ 13,254,496	3,459,990
Public School Employees Retirement System	822,744	214,771
Legislative Retirement System	32,808	8,564
Georgia Judicial Retirement System	400,723	104,606
State Employees' Assurance Department - Active	235,210	61,400
State Employees' Assurance Department - OPEB	1,152,141	300,758
Georgia Military Pension Fund	15,278	3,988
	\$ 15,913,400	4,154,077

*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.

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. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. 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, 2014 are shown in the following chart:

## Notes to Financial Statements

Quality Ratings of Fixed Income Investments  
Held at June 30, 2014

Investment Type	Standard & Poor's/ Moody's Quality Rating	June 30, 2014 Fair Value
Domestic obligations:		
U.S. Treasuries		\$ 1,573,718,920
U.S. Agencies	AA/Aaa	10,027,950
Corporates	AAA/Aaa	213,366,160
	AA/Aa	535,009,830
	AA/A	586,359,960
	A/Aa	81,323,580
	A/A	958,897,740
Total Corporates		2,374,957,270
International obligations:		
Governments	AA/Aa	78,651,610
Corporates	AA/Aa	276,764,370
Total Fixed Income Investments		\$ 4,314,120,120

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, 2014, the System held repurchase agreements included in cash and cash equivalents of \$15,000,000.

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, 2014, 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 position.

*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	Fair Value June 30, 2014	Percent of All Fixed Income Assets and Repurchase Agreements	Effective Duration (Years)
Domestic obligations:			
U.S. Treasuries	\$ 1,573,718,920	36.4%	4.9
U.S. Agencies	10,027,950	0.2	1.3
Corporates	2,374,957,270	54.9	4.1
International obligations:			
Governments	78,651,610	1.8	3.3
Corporates	276,764,370	6.4	3.7
Repurchase agreements	15,000,000	0.3	—
Total	\$ 4,329,120,120	100.0%	4.4*

\*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.

*Foreign Currency Risk.* Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The System's currency risk exposures, or exchange rate risks, primarily reside within the System's international equity investment holdings. The System's foreign exchange risk management policy is to minimize risk and protect the investments from negative impact by hedging foreign currency exposures with foreign exchange instruments when market conditions and circumstances are deemed appropriate. As of June 30, 2014, the System's exposure to foreign currency risk in U.S. Dollars is highlighted in the following table:

## Notes to Financial Statements

## International Investment Securities at Fair Value as of June 30, 2014

Currency	Equities	Fixed Income	Total
Australian Dollar	\$ 32,533,321	—	32,533,321
Brazilian Real	3,411,073	—	3,411,073
British Pound	77,785,672	—	77,785,672
Canadian Dollar	9,047,130	—	9,047,130
Danish Krone	6,049,169	—	6,049,169
Euro	42,507,522	—	42,507,522
Hong Kong Dollar	51,614,155	—	51,614,155
Indonesian Rupiah	160,979	—	160,979
Japanese Yen	34,209,250	—	34,209,250
Malaysian Ringgit	4,440,277	—	4,440,277
Mexican Peso	6,268,212	—	6,268,212
New Taiwan Dollar	2,076,806	—	2,076,806
New Zealand Dollar	1,059,524	—	1,059,524
Norwegian Krone	4,921,378	—	4,921,378
Philippine Peso	603,656	—	603,656
Polish Zloty	2,437,174	—	2,437,174
Singapore Dollar	8,560,399	—	8,560,399
South African Rand	18,382,292	—	18,382,292
South Korean Won	4,686,622	—	4,686,622
Swedish Krona	10,616,447	—	10,616,447
Swiss Franc	6,189,798	—	6,189,798
Thailand Baht	6,403,462	—	6,403,462
Total Holdings Subject to Foreign Currency Risk	333,964,318	—	333,964,318
Investment Securities Payable in U.S. Dollars	2,665,423,257	355,415,980	3,020,839,237
Total International Investment Securities - at Fair Value	\$ 2,999,387,575	355,415,980	3,354,803,555

(5) *Securities 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, corporate bonds, and equities. The collateral value must be equal to at least 102% to 109% of the loaned securities' value, depending on the type of collateral security.

Securities loaned totaled \$3,950,689,359 at fair value at June 30, 2014. The collateral value was equal to 103.5% of the loaned securities' value at June 30, 2014. 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 fiduciary net position since the System maintains ownership. The related collateral securities are not recorded as assets on the System's combined statement of fiduciary net position, 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.

## Notes to Financial Statements

(6) *Capital Assets*

The following is a summary of capital assets and depreciation information as of and for the year ended June 30, 2014:

	Balance at June 30, 2013	Additions	Disposals	Balance at June 30, 2014
Capital assets:				
Land	\$ 944,225	3,127,941	—	4,072,166
Building	2,800,000	—	—	2,800,000
Equipment	2,321,010	161,152	—	2,482,162
Vehicles	13,381	—	—	13,381
Computer software	14,344,610	—	—	14,344,610
	<u>20,423,226</u>	<u>3,289,093</u>	<u>—</u>	<u>23,712,319</u>
Accumulated depreciation for:				
Building	(630,000)	(70,000)	—	(700,000)
Equipment	(1,658,479)	(198,727)	—	(1,857,206)
Vehicles	(12,282)	(1,100)	—	(13,382)
Computer software	(14,344,609)	—	—	(14,344,609)
	<u>(16,645,370)</u>	<u>(269,827)</u>	<u>—</u>	<u>(16,915,197)</u>
Capital assets, net	<u>\$ 3,777,856</u>	<u>3,019,266</u>	<u>—</u>	<u>6,797,122</u>

During fiscal year 2014, 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*.

(7) *Commitments*

As of June 30, 2014, the System had committed to fund certain private equity partnerships for a total capital commitment of \$70,750,000. Of this amount, \$44,600,000 remained unfunded and is not recorded on the System's Combining Statement of Fiduciary Net Position.

(8) *Net Pension Liability of Employers and Nonemployers - ERS*

The components of the net pension liability of the participating employers and nonemployers at June 30, 2014 were as follows (dollars in thousands):

Total pension liability	\$ 17,042,149
Plan fiduciary net position	<u>13,291,531</u>
Employers' and nonemployers' net pension liability	<u>\$ 3,750,618</u>
Plan fiduciary net position as a percentage of the total pension liability	77.99%

*Actuarial assumptions:* The total pension liability was determined by an actuarial valuation as of June 30, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increase	5.45-9.25%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for the periods after service retirement, for dependent beneficiaries, and for deaths in active service, and the RP-2000 Disabled Mortality Table set back eleven years for males for the period after disability retirement.

## Notes to Financial Statements

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Fixed income	30.00 %	3.00 %
Domestic large stocks	39.70	6.50
Domestic mid stocks	3.70	10.00
Domestic small stocks	1.60	13.00
International developed market stocks	18.90	6.50
International emerging market stocks	6.10	11.00
Total	100.00 %	

\* Rates shown are net of the 3.00% assumed rate of inflation

*Discount rate:* The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate:* The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate (dollars in thousands):

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Employers' and nonemployers' net pension liability	\$ 5,469,145	3,750,618	2,287,751

*Actuarial valuation date:* June 30, 2013 is the actuarial valuation date upon which the total pension liability is based. An expected total pension liability is determined as of June 30, 2014 using standard roll forward techniques. The roll forward calculation adds the annual normal cost (also called service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year.

### (9) Net Pension Liability of Employers and Nonemployers – PSERS

The components of the net pension liability of the participating employers and nonemployers at June 30, 2014 were as follows (dollars in thousands):

Total pension liability	\$ 930,745
Plan fiduciary net position	821,733
Employers' and nonemployers' net pension liability	\$ 109,012
Plan fiduciary net position as a percentage of the total pension liability	88.29%

## Notes to Financial Statements

*Actuarial assumptions:* The total pension liability was determined by an actuarial valuation as of June 30, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increase	n/a
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table set forward one year for males for the period after service retirement, for dependent beneficiaries, and for deaths in active service, and the RP-2000 Disabled Mortality Table set back two years for males and set forward one year for females for the period after disability retirement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Fixed income	30.00 %	3.00 %
Domestic large stocks	39.70	6.50
Domestic mid stocks	3.70	10.00
Domestic small stocks	1.60	13.00
International developed market stocks	18.90	6.50
International emerging market stocks	6.10	11.00
Total	100.00 %	

\* Rates shown are net of the 3.00% assumed rate of inflation

*Discount rate:* The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate:* The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate (dollars in thousands):

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Employers' and nonemployers' net pension liability	\$ 211,620	109,012	22,657

*Actuarial valuation date:* June 30, 2013 is the actuarial valuation date upon which the total pension liability is based. An expected total pension liability is determined as of June 30, 2014 using standard roll forward techniques. The roll forward calculation adds the annual normal cost (also called service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year.

## Notes to Financial Statements

### (10) Net Pension Liability of Employer – LRS

The components of the net pension liability of the participating employer at June 30, 2014 were as follows (dollars in thousands):

Total pension liability	\$	25,216
Plan fiduciary net position		32,794
		<hr/>
Employer's pension liability (asset)	\$	(7,578)
		<hr/>
Plan fiduciary net position as a percentage of the total pension liability		130.05%

*Actuarial assumptions:* The total pension liability was determined by an actuarial valuation as of June 30, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increase	None
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for the period after service retirement, for dependent beneficiaries, and for deaths in active service, and the RP-2000 Disabled Mortality Table set back eleven years for males for the period after disability retirement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Fixed income	30.00 %	3.00 %
Domestic large stocks	39.70	6.50
Domestic mid stocks	3.70	10.00
Domestic small stocks	1.60	13.00
International developed market stocks	18.90	6.50
International emerging market stocks	6.10	11.00
	<hr/>	
Total	100.00 %	

\* Rates shown are net of the 3.00% assumed rate of inflation

*Discount rate:* The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate:* The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate (dollars in thousands):

## Notes to Financial Statements

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Employer's net pension liability (asset)	\$ (5,259)	(7,578)	(9,545)

*Actuarial valuation date:* June 30, 2013 is the actuarial valuation date upon which the total pension liability is based. An expected total pension liability is determined as of June 30, 2014 using standard roll forward techniques. The roll forward calculation adds the annual normal cost (also called service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year.

**(11) Net Pension Liability of Employers and Nonemployers – GJRS**

The components of the net pension liability of the participating employer at June 30, 2014 were as follows (dollars in thousands):

Total pension liability	\$ 350,443
Plan fiduciary net position	400,790
Employers' and nonemployers' pension liability (asset)	\$ (50,347)
Plan fiduciary net position as a percentage of the total pension liability	114.37%

*Actuarial assumptions:* The total pension liability was determined by an actuarial valuation as of June 30, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increase	6.00%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for the period after service retirement, for dependent beneficiaries, and for deaths in active service, and the RP-2000 Disabled Mortality Table set back eleven years for males for the period after disability retirement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Fixed income	30.00 %	3.00 %
Domestic large stocks	39.70	6.50
Domestic mid stocks	3.70	10.00
Domestic small stocks	1.60	13.00
International developed market stocks	18.90	6.50
International emerging market stocks	6.10	11.00
Total	100.00 %	

\* Rates shown are net of the 3.00% assumed rate of inflation

## Notes to Financial Statements

*Discount rate:* The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate:* The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate (dollars in thousands):

	<b>1% Decrease (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
Employers' and nonemployers' net pension liability (asset)	\$ (16,060)	(50,347)	(80,106)

*Actuarial valuation date:* June 30, 2013 is the actuarial valuation date upon which the total pension liability is based. An expected total pension liability is determined as of June 30, 2014 using standard roll forward techniques. The roll forward calculation adds the annual normal cost (also called service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year.

### (12) Net Pension Liability of Employer – GMPF

The components of the net pension liability of the participating employer at June 30, 2014 were as follows (dollars in thousands):

Total pension liability	\$ 31,511
Plan fiduciary net position	15,251
Employer's pension liability (asset)	\$ 16,260
Plan fiduciary net position as a percentage of the total pension liability	48.40%

*Actuarial assumptions:* The total pension liability was determined by an actuarial valuation as of June 30, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increase	n/a
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for the period after service retirement, for dependent beneficiaries, and for deaths in active service.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

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



## Notes to Financial Statements

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Fixed income	30.00 %	3.00 %
Domestic large stocks	39.70	6.50
Domestic mid stocks	3.70	10.00
Domestic small stocks	1.60	13.00
International developed market stocks	18.90	6.50
International emerging market stocks	6.10	11.00
Total	100.00 %	

\* Rates shown are net of the 3.00% assumed rate of inflation

*Discount rate:* The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate:* The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate (dollars in thousands):

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Employer's net pension liability	\$ 21,006	16,260	12,405

*Actuarial valuation date:* June 30, 2013 is the actuarial valuation date upon which the total pension liability is based. An expected total pension liability is determined as of June 30, 2014 using standard roll forward techniques. The roll forward calculation adds the annual normal cost (also called service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year.

**(13) Funded Status and Funding Progress - Defined Benefit OPEB Plans**

The funded status of the SEAD-Active and SEAD-OPEB plans as of June 30, 2013, the most recent actuarial valuation date, are as follows (dollar amounts in thousands):

	Actuarial value of plan assets (a)	Actuarial accrued liability (AAL) projected unit credit (b)	Unfunded AAL/(funded excess) (b-a)	Funded ratio (a/b)	Annual covered payroll (c)	Unfunded AAL/ (funded excess) as percentage of covered payroll [(b-a)/c]
SEAD - Active	\$ 204,779	37,512	(167,267)	545.9%	\$ 1,767,052	(9.5)%
SEAD - OPEB	907,831	754,786	(153,045)	120.3	1,767,052	(8.7)

The SBF does not have an actuarial valuation as there are no funding requirements and no liabilities related to the fund.

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:

	SEAD-Active	SEAD-OPEB
Valuation date	June 30, 2013	June 30, 2013
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level dollar, open	Level dollar, open
Remaining amortization period	N/A	N/A
Asset valuation method	Market value of assets	Market value of assets
Actuarial assumptions:		
Investment rate of return <sup>1</sup>	7.50%	7.50%
Projected salary increases		
ERS <sup>1</sup>	5.45-9.25%	5.45-9.25%
GJRS <sup>1</sup>	6.00%	6.00%
LRS	0.00%	0.00%
Post-retirement cost-of-living adjustment	N/A	N/A

<sup>1</sup> Includes inflation rate of 3.00%.

## Required Supplementary Information (UNAUDITED)

## Schedules of Employers' and Nonemployers' Contributions - Defined Benefit Pension Plans

For year ended June 30

(In thousands)

Year ended	Actuarially determined contribution (a)	Contributions in relation to the actuarially determined contribution (b)	Contribution deficiency (excess) (a-b)	Covered employee payroll (c)	Contributions as a percentage of covered employee payroll (b/c)
<b>Employees' Retirement System <sup>1</sup></b>					
6/30/2005	\$ 243,074	243,074	—	2,514,430	9.7%
6/30/2006	258,482	258,482	—	2,630,167	9.8
6/30/2007	270,141	270,141	—	2,680,972	10.1
6/30/2008	286,256	286,256	—	2,809,199	10.2
6/30/2009	282,103	281,206	897	2,674,155	10.5
6/30/2010	263,064	263,064	—	2,571,042	10.2
6/30/2011	261,132	261,132	—	2,486,780	10.5
6/30/2012	273,623	274,034	(411)	2,414,884	11.3
6/30/2013	358,376	358,992	(616)	2,335,773	15.4
6/30/2014	428,982	429,752	(770)	2,335,773	18.4
6/30/2005	840	840	—	N/A	N/A
6/30/2006	3,638	3,638	—	N/A	N/A
6/30/2007	6,490	6,490	—	N/A	N/A
6/30/2008	2,869	2,869	—	N/A	N/A
6/30/2009	5,529	5,529	—	N/A	N/A
6/30/2010	5,530	5,530	—	N/A	N/A
6/30/2011	7,509	7,509	—	N/A	N/A
6/30/2012	15,884	15,884	—	N/A	N/A
6/30/2013	24,829	24,829	—	N/A	N/A
6/30/2014	27,160	27,160	—	N/A	N/A
6/30/2005	—	54	(54)	N/A	N/A
6/30/2006	—	54	(54)	N/A	N/A
6/30/2007	—	62	(62)	N/A	N/A
6/30/2008	—	73	(73)	N/A	N/A
6/30/2009	—	71	(71)	N/A	N/A
6/30/2010	—	75	(75)	N/A	N/A
6/30/2011	—	75	(75)	N/A	N/A
6/30/2012	—	76	(76)	N/A	N/A
6/30/2013	—	128	(128)	N/A	N/A
6/30/2014	—	45	(45)	N/A	N/A
<b>Public School Employees Retirement System <sup>2</sup></b>					
<b>Legislative Retirement System <sup>3</sup></b>					

Required Supplementary Information (UNAUDITED)

Schedules of Employers' and Nonemployers' Contributions - Defined Benefit Pension Plans

For year ended June 30  
(In thousands)

	Year ended	Actuarially determined contribution (a)	Contributions in relation to the actuarially determined contribution (b)	Contribution deficiency (excess) (a-b)	Covered employee payroll (c)	Contributions as a percentage of covered employee payroll (b/c)	
Georgia Judicial Retirement System	6/30/2005	\$ 1,594	1,594	—	42,916	3.7%	
	6/30/2006	1,683	1,683	—	45,308	3.7	
	6/30/2007	1,778	1,778	—	48,621	3.7	
	6/30/2008	2,395	2,395	—	51,102	4.7	
	6/30/2009	1,703	1,703	—	52,803	3.2	
	6/30/2010	2,600	2,600	—	51,293	5.1	
	6/30/2011	1,932	1,932	—	52,331	3.7	
	6/30/2012	2,083	2,083	—	51,898	4.0	
	6/30/2013	2,279	2,279	—	52,807	4.3	
	6/30/2014	2,375	2,375	—	54,787	4.3	
	Georgia Military Pension Fund <sup>4</sup>	6/30/2005	891	891	—	N/A	N/A
		6/30/2006	891	891	—	N/A	N/A
		6/30/2007	1,005	1,005	—	N/A	N/A
		6/30/2008	1,103	1,103	—	N/A	N/A
6/30/2009		1,323	1,323	—	N/A	N/A	
6/30/2010		1,434	1,434	—	N/A	N/A	
6/30/2011		1,282	1,282	—	N/A	N/A	
6/30/2012		1,521	1,521	—	N/A	N/A	
6/30/2013		1,703	1,703	—	N/A	N/A	
6/30/2014		1,892	1,892	—	N/A	N/A	

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

- <sup>1</sup> An employer group within ERS did not contribute the full actuarially determined contribution. This employer is making additional contributions to repay this shortfall.
- <sup>2</sup> 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 if hired prior to July 1, 2012 and \$10 per month, per member, per month, for nine months, if hired after July 1, 2012.
- <sup>3</sup> The General Assembly of Georgia makes contributions each year that are not required.
- <sup>4</sup> 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 Information (UNAUDITED)

Schedules of Employers' and Nonemployers' Net Pension Liability –  
Defined Benefit Pension Plans

(In thousands)

	<u>June 30, 2014</u>	
<b>Employees' Retirement System:</b>		
Total pension liability	\$	17,042,149
Plan fiduciary net position		<u>13,291,531</u>
Employers' and nonemployers' net pension liability	\$	<u>3,750,618</u>
Plan fiduciary net position as a percentage of the total pension liability		77.99 %
Covered-employee payroll	\$	2,335,773
Employers' and nonemployers' net pension liability as a percentage of covered-employee payroll		160.57 %
<b>Public School Employees Retirement System:</b>		
Total pension liability	\$	930,745
Plan fiduciary net position		<u>821,733</u>
Employers' and nonemployers' net pension liability	\$	<u>109,012</u>
Plan fiduciary net position as a percentage of the total pension liability		88.29 %
Covered-employee payroll		n/a
Employers' and nonemployers' net pension liability as a percentage of covered-employee payroll		n/a
<b>Legislative Retirement System:</b>		
Total pension liability	\$	25,216
Plan fiduciary net position		<u>32,794</u>
Employer's net pension liability (asset)	\$	<u>(7,578)</u>
Plan fiduciary net position as a percentage of the total pension liability		130.05 %
Covered-employee payroll		n/a
Employer's net pension liability (asset) as a percentage of covered-employee payroll		n/a
<b>Georgia Judicial Retirement System:</b>		
Total pension liability	\$	350,443
Plan fiduciary net position		<u>400,790</u>
Employers' and nonemployers' net pension liability (asset)	\$	<u>(50,347)</u>
Plan fiduciary net position as a percentage of the total pension liability		114.37 %
Covered-employee payroll	\$	54,787
Employers' and nonemployers' net pension liability (asset) as a percentage of covered-employee payroll		(91.90) %
<b>Georgia Military Pension Fund:</b>		
Total pension liability	\$	31,511
Plan fiduciary net position		<u>15,251</u>
Employer's net pension liability	\$	<u>16,260</u>
Plan fiduciary net position as a percentage of the total pension liability		48.40 %
Covered-employee payroll		n/a
Employer's net pension liability as a percentage of covered-employee payroll		n/a

Schedules above are intended to show information for 10 years. Additional years will be displayed as they become available.  
See accompanying notes to required supplementary schedule and accompanying independent auditors' report.

## Required Supplementary Information (UNAUDITED)

## Schedules of Changes in Employers' and Nonemployers' Net Pension Liability – Defined Benefit Pension Plans

(In thousands)

	<u>June 30, 2014</u>
<b>Employees' Retirement System:</b>	
Total pension liability:	
Service cost	\$ 150,075
Interest	1,224,380
Benefit changes	—
Differences between expected and actual experience	—
Changes of assumptions	—
Benefit payments	(1,305,998)
Refunds of contributions	(8,757)
	<hr/>
Net change in total pension liability	59,700
Total pension liability-beginning	16,982,449
	<hr/>
Total pension liability-ending (a)	17,042,149
	<hr/>
Plan fiduciary net position:	
Contributions-employer	418,807
Contributions-nonemployer	10,945
Contributions-member	32,423
Net investment income	2,021,748
Benefit payments	(1,305,998)
Administrative expense	(7,440)
Refunds of contributions	(8,757)
Other	—
	<hr/>
Net change in plan fiduciary net position	1,161,728
Plan fiduciary net position-beginning	12,129,803
	<hr/>
Plan fiduciary net position-ending (b)	13,291,531
	<hr/>
Net pension liability-ending (a)-(b)	\$ 3,750,618
	<hr/>
<b>Public School Employees Retirement System:</b>	
Total pension liability:	
Service cost	\$ 11,049
Interest	66,143
Benefit changes	—
Differences between expected and actual experience	—
Changes of assumptions	—
Benefit payments	(56,189)
Refunds of contributions	(514)
	<hr/>
Net change in total pension liability	20,489
Total pension liability-beginning	910,256
	<hr/>
Total pension liability-ending (a)	930,745
	<hr/>
Plan fiduciary net position:	
Contributions-nonemployer	27,160
Contributions-member	1,659
Net investment income	123,799
Benefit payments	(56,189)
Administrative expense	(1,450)
Refunds of contributions	(514)
Other	—
	<hr/>
Net change in plan fiduciary net position	94,465
Plan fiduciary net position-beginning	727,268
	<hr/>
Plan fiduciary net position-ending (b)	821,733
	<hr/>
Net pension liability-ending (a)-(b)	\$ 109,012
	<hr/>

## Required Supplementary Information (UNAUDITED)

Schedules of Changes in Employers' and Nonemployers' Net Pension Liability –  
Defined Benefit Pension Plans

(In thousands)

	June 30, 2014
<b>Legislative Retirement System:</b>	
Total pension liability:	
Service cost	\$ 344
Interest	1,799
Benefit changes	—
Differences between expected and actual experience	—
Changes of assumptions	—
Benefit payments	(1,801)
Refunds of contributions	(30)
Net change in total pension liability	312
Total pension liability-beginning	24,904
Total pension liability-ending (a)	25,216
Plan fiduciary net position:	
Contributions-employer	45
Contributions-member	282
Net investment income	4,969
Benefit payments	(1,801)
Administrative expense	(152)
Refunds of contributions	(30)
Other	—
Net change in plan fiduciary net position	3,313
Plan fiduciary net position-beginning	29,481
Plan fiduciary net position-ending (b)	32,794
Net pension liability (asset)-ending (a)-(b)	\$ (7,578)
<b>Georgia Judicial Retirement System:</b>	
Total pension liability:	
Service cost	\$ 7,584
Interest	24,530
Benefit changes	—
Differences between expected and actual experience	—
Changes of assumptions	—
Benefit payments	(17,441)
Refunds of contributions	(22)
Net change in total pension liability	14,651
Total pension liability-beginning	335,792
Total pension liability-ending (a)	350,443
Plan fiduciary net position:	
Contributions-employer	1,373
Contributions-nonemployer	1,002
Contributions-member	4,731
Net investment income	60,012
Benefit payments	(17,441)
Administrative expense	(754)
Refunds of contributions	(22)
Other	—
Net change in plan fiduciary net position	48,901
Plan fiduciary net position-beginning	351,889
Plan fiduciary net position-ending (b)	400,790
Net pension liability (asset)-ending (a)-(b)	\$ (50,347)

## Required Supplementary Information (UNAUDITED)

Schedules of Changes in Employers' and Nonemployers' Net Pension Liability –  
Defined Benefit Pension Plans

(In thousands)

	<u>June 30, 2014</u>
<b>Georgia Military Pension Fund</b>	
Total pension liability:	
Service cost	\$ 73
Interest	2,223
Benefit changes	—
Differences between expected and actual experience	—
Changes of assumptions	—
Benefit payments	(841)
Refunds of contributions	—
Net change in total pension liability	1,455
Total pension liability-beginning	30,056
Total pension liability-ending (a)	<u>31,511</u>
Plan fiduciary net position:	
Contributions-employer	1,892
Contributions-member	—
Net investment income	2,179
Benefit payments	(841)
Administrative expense	(110)
Refunds of contributions	—
Other	—
Net change in plan fiduciary net position	3,120
Plan fiduciary net position-beginning	12,131
Plan fiduciary net position-ending (b)	<u>15,251</u>
Net pension liability-ending (a)-(b)	<u>\$ 16,260</u>

Schedules above are intended to show information for 10 years. Additional years will be displayed as they become available. See accompanying notes to required supplementary schedule and accompanying independent auditors' report.



**Required Supplementary Information (UNAUDITED)****Schedule of Investment Returns****June 30, 2014**

---

**Pooled Investment Fund:**

Annual money-weighted rate of return, net of investment expense

5.95 %

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. See accompanying notes to required supplementary schedule and accompanying independent auditors' report.

Required Supplementary Information (UNAUDITED)

Schedules of Funding Progress - Defined Benefit OPEB Plans

June 30, 2014  
(In thousands)

Actuarial valuation date	Actuarial value of plan assets (a)	Actuarial accrued liability (AAL) projected unit credit (b)	Unfunded AAL/ (funded excess) (b-a)	Funded ratio (a/b)	Annual covered payroll (c)	Unfunded AAL/ (funded excess) as percentage of covered payroll [(b-a)/c]
<b>State Employees' Assurance Department- Active</b>						
6/30/2008	\$ 172,595	62,171	(110,424)	277.6%	\$ 2,850,850	(3.9)%
6/30/2009	144,161	61,351	(82,810)	235.0	2,653,527	(3.1)
6/30/2010	156,132	40,523	(115,609)	385.3	2,401,974	(4.8)
6/30/2011	184,783	40,145	(144,638)	460.3	2,166,982	(6.7)
6/30/2012	183,390	39,317	(144,073)	466.4	1,962,800	(7.3)
6/30/2013	204,779	37,512	(167,267)	545.9	1,767,052	(9.5)
<b>State Employees' Assurance Department- OPEB</b>						
6/30/2008	737,114	699,884	(37,230)	105.3	2,850,850	(1.3)
6/30/2009	628,199	733,671	105,472	85.6	2,653,527	4.0
6/30/2010	680,449	691,001	10,552	98.5	2,401,974	0.4
6/30/2011	807,893	678,421	(129,472)	119.1	2,166,982	(6.0)
6/30/2012	818,284	704,617	(113,667)	116.1	1,962,800	(5.8)
6/30/2013	907,831	754,786	(153,045)	120.3	1,767,052	(8.7)

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

The SBF does not obtain an actuarial valuation as there are no funding requirements or liabilities related to the fund.

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

## Required Supplementary Information (UNAUDITED)

## Schedules of Employer Contributions-Defined Benefit OPEB Plans

June 30, 2014  
(In thousands)

	<u>Year ended June 30</u>	<u>State annual required contribution</u>	<u>Percentage contributed</u>
State Employees' Assurance Department-Active	2008	\$ —	N/A
	2009	—	N/A
	2010	—	N/A
	2011	—	N/A
	2012	—	N/A
	2013	—	N/A
State Employees' Assurance Department-OPEB	2008	—	N/A
	2009	—	N/A
	2010	—	N/A
	2011	—	N/A
	2012 <sup>1</sup>	12,724	100.0%
	2013 <sup>1</sup>	5,009	100.0%

This data was provided by the System's actuary.

There are no required contributions to the SBF Fund.

<sup>1</sup> During fiscal year 2012 in lieu of a required employer contribution \$12,724,000 was transferred from Survivor Benefit Fund to SEAD-OPEB. During fiscal year 2013, in lieu of a required employer contribution, \$5,009,000 was paid from Survivor Benefit Fund.

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

## Notes to Required Supplementary Information (UNAUDITED)

June 30, 2014

**(1) Schedule of Employers' and Nonemployers' Contributions – Defined Benefit Pension Plans**

This schedule presents the required contributions and the percent of required contributions actually contributed.

**(2) Schedule of Employers' and Nonemployers' Net Pension Liability – Defined Benefit Pension Plans**

The components of the net pension liability as of the fiscal year end and the fiduciary net position as a percentage of the total pension liability as of that date are presented in this schedule. This trend information will be accumulated to display a ten year presentation.

**(3) Schedule of Changes in Employers' and Nonemployers' Net Pension Liability – Defined Benefit Pension Plans**

Net pension liability which is measured as total pension liability less the amount of the fiduciary net position is presented in this schedule. This trend information will be accumulated to display a ten year presentation.

**(4) Schedule of Investment Returns**

This schedule presents historical trend information about the annual money-weighted rate of return on plan investments, net of plan investment expense. This trend information will be accumulated to display a ten year presentation.

**(5) Notes to Required Supplementary Information**

This note provides information about changes of benefit terms, changes of assumptions, and methods and assumptions used in calculations of actuarially determined contributions.

**Employees' Retirement System**

*Changes of benefit terms* - a new benefit tier was added for members joining the System on and after January 1, 2009.

*Changes of assumptions* - in 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

**Public School Employees Retirement System**

*Changes of benefit terms* - the member contribution rate was increased from \$4 to \$10 per month for members joining the System on or after July 1, 2012.

*Changes of assumptions* - in 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

**Legislative Retirement System**

*Changes of benefit terms* - none.

*Changes of assumptions* - in 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal and mortality were adjusted to more closely reflect actual experience.

**Georgia Judicial Retirement System**

*Changes of benefit terms* - spouses benefits were changed for members joining the System on and after July 1, 2012.

*Changes of assumptions* - in 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

Notes to Required Supplementary Information (UNAUDITED)

Georgia Military Pension Fund

Changes of benefit terms-none.

Changes of assumptions - in 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal and mortality were adjusted to more closely reflect actual experience.

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedules of employers' and nonemployers' contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rates reported in those schedules:

	ERS	PSERS	LRS
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level dollar, open	Level dollar, open	Level dollar, open
Remaining amortization period	30 years	30 years	30 years
Asset valuation method	7-year smoothed market	7-year smoothed market	7-year smoothed market
Inflation	3.00%	3.00%	3.00%
Salary Increases:			
Fiscal Year 2011	0.00%	n/a	n/a
Fiscal Year 2012-2013	2.725-4.625%	n/a	n/a
Fiscal Year 2014+, including inflation	5.45-9.25%	n/a	n/a
Investment rate of return	7.50% net of pension plan investment expense, including inflation	7.50% net of pension plan investment expense, including inflation	7.50% net of pension plan investment expense, including inflation

	GJRS	GMPF
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
Inflation	3.00%	3.00%
Salary Increases:		
Fiscal Year 2011	0.00%	n/a
Fiscal Year 2012-2013	3.00%	n/a
Fiscal Year 2014+, including inflation	6.00%	n/a
Investment rate of return	7.50% net of pension plan investment expense, including inflation	7.50% net of pension plan investment expense, including inflation

(6) Schedule of Funding Progress – Defined Benefit OPEB Plans

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.

(7) Schedule of Employer Contributions – Defined Benefit OPEB Plans

The required employer contributions and percent of those contributions actually made are presented in the schedule.

(8) Actuarial Assumptions – Defined Benefit OPEB Plans

The SBF does not have an actuarial valuation as there are no funding requirements and no liabilities related to the fund. The information presented as the required supplementary information was determined as part of the actuarial valuations for the SEAD-Active and SEAD-OPEB plans at the dates indicated. Additional information from the actuarial valuations for the most recent two-year period is as follows:

Notes to Required Supplementary Information (UNAUDITED)

Valuation date  
 Actuarial cost method  
 Amortization method  
 Remaining amortization period of the funded excess  
 Asset valuation method  
 Actuarial assumptions:  
     Investment rate of return<sup>1</sup>  
     Projected salary increases:  
         ERS<sup>1</sup>  
         GJRS<sup>1</sup>  
         LRS

SEAD - Active	SEAD - Active
June 30, 2013	June 30, 2012
Projected Unit Credit	Projected Unit Credit
Level dollar, open	Level dollar, open
n/a	30 years
Market value of assets	Market value of assets
7.50%	7.50%
5.45-9.25%	5.45-9.25%
6.00%	6.00%
0.00%	0.00%

Valuation date  
 Actuarial cost method  
 Amortization method  
 Remaining amortization period of the funded excess  
 Asset valuation method  
 Actuarial assumptions:  
     Investment rate of return<sup>1</sup>  
     Projected salary increases:  
         ERS<sup>1</sup>  
         GJRS<sup>1</sup>  
         LRS

SEAD - OPEB	SEAD - OPEB
June 30, 2013	June 30, 2012
Projected Unit Credit	Projected Unit Credit
Level dollar, open	Level dollar, open
n/a	30 years
Market value of assets	Market value of assets
7.50%	7.50%
5.45-9.25%	5.45-9.25%
6.00%	6.00%
0.00%	0.00%

<sup>1</sup>Includes inflation rate of 3.00% in the 2013 and 2012 valuations.

## Additional Information

## Schedule of Administrative Expenses - Contributions and Expenses

Year ended June 30, 2014 (with comparative amounts for the year ended June 30, 2013)

(In thousands)

	2014	2013
Contributions:		
Employees' Retirement System	\$ 7,440	\$ 7,818
Public School Employees Retirement System	1,450	1,745
Legislative Retirement System	152	116
Georgia Judicial Retirement System	754	203
State Employees' Assurance Department - Active	46	21
State Employees' Assurance Department - OPEB	414	195
Georgia Defined Contribution Plan	991	1,105
401(k) Plan	2,300	2,247
457 Plan	812	906
Georgia Military Pension Fund	110	32
Superior Court Judges Retirement Fund	6	6
District Attorneys Retirement Fund	1	1
	<hr/>	<hr/>
Total contributions	14,476	14,395
Expenses:		
Personal services:		
Salaries and wages	4,961	5,060
Retirement contributions	881	775
FICA	349	355
Health insurance	1,529	1,523
Miscellaneous	93	76
	<hr/>	<hr/>
	7,813	7,789
Communications:		
Postage	228	206
Publications and printing	11	9
Telecommunications	71	71
Travel	14	12
	<hr/>	<hr/>
	324	298
Professional services:		
Accounting services	585	564
Computer services	715	632
Contracts	2,753	2,687
Actuarial services	213	213
Medical services	177	158
Professional fees	172	169
Legal services	37	32
	<hr/>	<hr/>
	4,652	4,455
Management fees:		
Building maintenance	617	636
Other services and charges:		
Temporary services	673	675
Supplies and materials	54	106
Repairs and maintenance	17	22
Courier services	3	3
Depreciation	270	362
Miscellaneous	50	46
Office equipment	3	3
	<hr/>	<hr/>
	1,070	1,217
	<hr/>	<hr/>
Total expenses	14,476	14,395
	<hr/>	<hr/>
Net income	\$ —	\$ —

Note: This schedule reflects the implementation of GASB 67 which requires investment-related costs to be reported as investment expense, a component of net investment income. For fiscal year 2013, these costs have been reclassified from administrative expense to investment expense, for comparative purposes.

See accompanying independent auditors' report.

## Additional Information

### Schedule of Investment Expenses

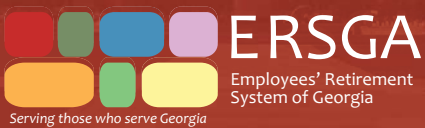
Year ended June 30, 2014 (with comparative amounts for the year ended June 30, 2013)

	<u>2014</u>		<u>2013</u>
Investment advisory and custodial fees	\$ 8,254,438	\$	7,153,611
Miscellaneous	11,116,668		9,352,370
Total investment expenses	<u>19,371,106</u>		<u>16,505,981</u>

See accompanying independent auditors' report.



# Investment Section



**ERSGA**  
Employees' Retirement  
System of Georgia

Serving those who serve Georgia



## Investment Overview

The media continues to report on the pedestrian domestic recovery, the weak economy in Europe, and China's slowing growth rate. Throw in turmoil in the Middle East and the Ukraine, along with the end of Quantitative Easing, and one might expect subpar returns. Instead, the U.S. stock market has had returns exceeding 20% for two consecutive years.

It is difficult not to get caught up in the 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 long periods of time.

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

The economy continued to grow for the fiscal year. Industrial production, personal income and housing all improved last year. Employment growth continued its relatively slow improvement, but there are some noticeable weaknesses overseas. A combination of stimulative policies by central bankers and a stronger domestic economy appeared to be working as far as financial markets go.

Studies undertaken to evaluate the investment returns of pension funds over very long time horizons indicate that the asset allocation decision has the largest 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 significant equity exposure with the remainder of the fund invested 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. 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," third edition.

As mentioned earlier, the domestic equity markets had a very good year. The return for the S&P 500 was 24.6% and the Dow Jones Industrial Average rose 15.6%. U.S. small and mid-cap stocks outperformed large cap stocks last year. The S&P 400 Mid-Capitalization and the S&P 600 Small Capitalization Indexes had similar returns of 25.2% and 25.5%, respectively. Among individual companies, returns varied depending upon the company's size, industry, and exposure to global markets.

International markets also did well. The MSCI EAFE Index had a 23.6% return and the MSCI Emerging Market Index had a return of 14.3%. Developed markets, particularly the European markets, were uniformly strong as participants anticipated additional easing from various foreign Central Banks. The markets in economically troubled Spain and Italy were up over 50% for example. Emerging markets were more of a mixed bag as commodity weakness, concerns of higher U.S. rates and weaker growth in China affected some markets more than others, not to mention local political and domestic events.

The longer the maturity of the bond the better the performance, and corporate bonds provided extra returns as corporate spreads tightened. After negative fixed income returns in fiscal year 2013, the total return on the 10-year Treasury Note was 2.8% and the 30-year Treasury Bond had a 6.2% return. The return on short-term Treasury bills was negligible again due to the Federal Reserve's policies to stimulate the economy.

We look at two fixed income indexes to measure the bond market's performance. The Barclays Government / Credit Index had a return of 4.3%. It is a broad index containing corporate and government sponsored bonds as well as Treasuries. The Citigroup Treasury / Sponsored / AAA/AA had a return of 2.3% and is a broad index containing higher rated corporate bonds as well as Treasuries and Government securities. Higher quality bonds underperformed lower quality bonds as evidenced by the 5.1% return for AA rated bonds versus 9.6% 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."

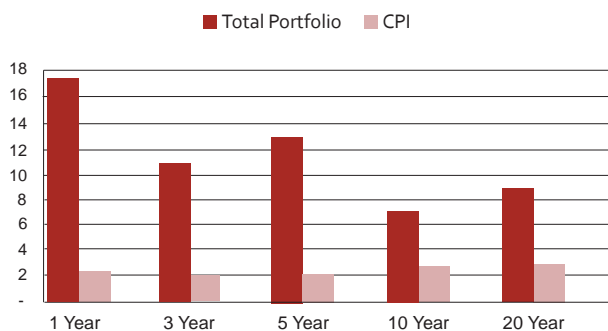
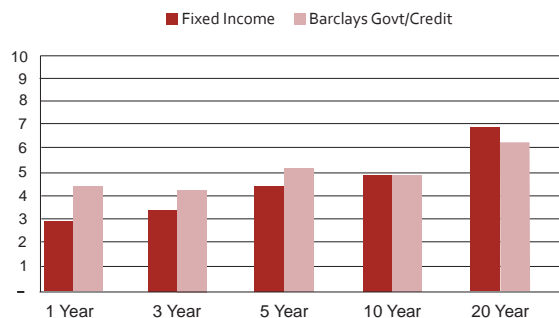
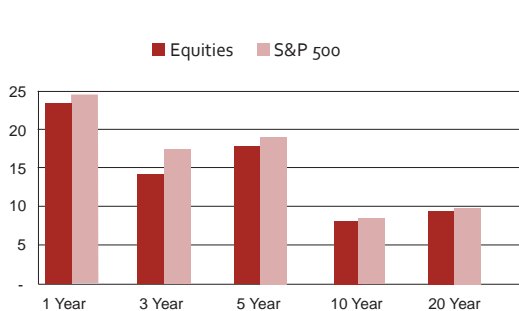
**Prepared by the Division of Investment Services**

## Pooled Investment Fund

As of June 30, 2014

Employees' Retirement System (ERS)	\$	13,254,495,721
Public School Employees Retirement System (PSERS)		822,743,851
Legislative Retirement System (LRS)		32,808,310
Georgia Judicial Retirement System (GJRS)		400,722,672
State Employees' Assurance Department (SEAD) - Active		235,209,676
State Employees' Assurance Department (SEAD) - OPEB		1,037,189,760
Survivors Benefit Fund		114,951,881
Georgia Military Pension Fund (GMPF)		15,278,496
<b>Total</b>	<b>\$</b>	<b>15,913,400,367</b>

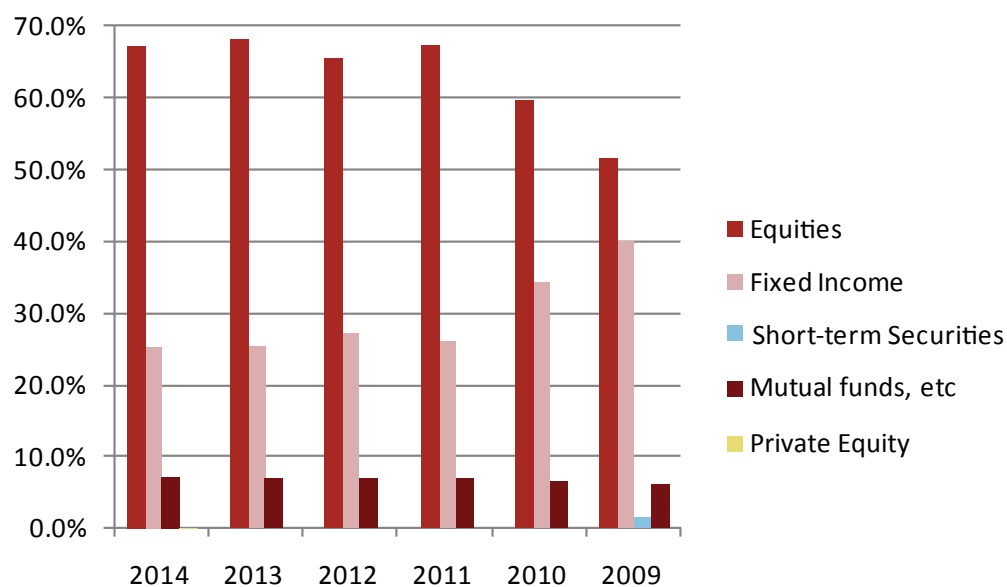
## Rates of Return



	Equities	S&P 500	Fixed Income	Barclay's Govt/ Credit	Total Portfolio	CPI
<b>1 year</b>	23.44 %	24.61 %	2.97 %	4.28 %	17.29 %	2.08 %
<b>3 year</b>	13.71 %	16.58 %	3.23 %	4.08 %	10.75 %	1.83 %
<b>5 year</b>	17.15 %	18.83 %	4.24 %	5.09 %	12.83 %	2.02 %
<b>10 year</b>	7.61 %	7.78 %	4.92 %	4.94 %	7.26 %	2.31 %
<b>20 year</b>	9.43 %	9.79 %	6.80 %	6.18 %	8.71 %	2.41 %

Note: Rates of return are calculated using the Daily Valuation Method, a time-weighted rate of return, based on market rates of return.

## Asset Allocation at Fair Value



## Investment Summary

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

	2014	2013	2012	2011	2010	2009
Equities	67.2%	68.1	65.9	67.2	59.4	52.3
Fixed Income	25.6	25.0	27.3	26.2	34.1	39.8
Short-Term Securities	—	—	—	—	—	1.8
Mutual and Common Collective Trust Funds and Separate Accounts	7.1	6.9	6.8	6.6	6.5	6.1
Private Equity	0.1	—	—	—	—	—
<b>Total</b>	<b>100%</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

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

	2014	2013	2012	2011	2010	2009
Equities	\$ 11,372	10,374	9,600	10,060	7,870	6,857
Fixed Income	4,314	3,811	3,972	3,902	4,506	5,212
Short-Term Securities	—	—	—	—	—	236
Mutual and Common Collective Trust Funds and Separate Accounts	1,209	1,057	995	992	867	799
Private Equity	22	—	—	—	—	—
<b>Total</b>	<b>\$ 16,917</b>	<b>15,242</b>	<b>14,567</b>	<b>14,954</b>	<b>13,243</b>	<b>13,104</b>

## Schedule of Fees and Commissions

For the Year Ended June 30, 2014

<b>Investment Advisors' Fees:*</b>	
U.S. Equity	\$ 4,413,226
International Equity	3,356,005
Fixed Income	—
<b>Investment Commissions:</b>	
U.S. Equity	2,806,674
International Equity	727,884
<b>Transaction Fees:</b>	313,600
<b>Miscellaneous:*</b>	11,601,875
<b>Total Fees and Commissions</b>	<b>\$ 23,219,264</b>

\*Amount included in total investment expenses shown on page 62.

## Twenty Largest Equity Holdings †

As of June 30, 2014

Shares	Company	Fair Value
1,956,226	Apple Inc.	\$ 181,792,082
1,699,913	Exxon Mobil Corp.	171,147,241
3,286,594	Microsoft Corp.	137,050,970
1,266,360	Johnson & Johnson	132,486,583
225,280	Google Inc.	130,699,023
919,119	Chevron Corp.	119,990,985
1,930,643	Wells Fargo & Co.	101,474,596
1,208,588	Procter & Gamble Co.	94,982,931
1,924,183	Verizon Communications Inc.	94,150,274
3,158,427	Pfizer Inc.	93,742,113
2,496,219	AT&T Inc.	88,266,304
3,344,670	General Electric Co.	87,897,928
1,503,788	JPMorgan Chase & Co.	86,648,265
2,553,924	Intel Corp.	78,916,252
621,300	Berkshire Hathaway Inc.	78,631,728
1,694,390	Coca Cola Co.	71,774,360
544,264	Schlumberger Ltd.	64,195,939
812,814	Wal-Mart Stores Inc.	61,017,947
682,686	PepsiCo Inc.	60,991,167
1,042,541	Merck & Co Inc.	60,310,997
	<b>Top 20 Equities</b>	<b>\$ 1,996,167,685</b>
	<b>Remaining Equities</b>	<b>9,375,453,601</b>
	<b>Total Equities</b>	<b>\$ 11,371,621,286</b>

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

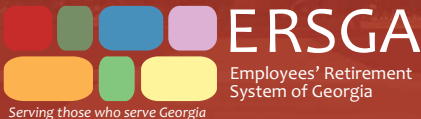
## Fixed Income Holdings\*

As of June 30, 2014

Issuer	Year of Maturity	Interest Rate	Par Value	Fair Value
US TREAS. NOTE	2017	1.8750	\$ 259,000,000	\$ 266,143,220
US TREAS. NOTE	2021	2.1250	160,000,000	159,900,800
US TREAS. NOTE	2015	0.2500	151,000,000	151,141,940
GENERAL ELECTRIC CO	2022	2.7000	151,000,000	148,288,040
US TREAS. NOTE	2017	0.5000	138,000,000	136,178,400
US TREAS. BOND	2028	5.2500	104,000,000	133,217,760
US TREAS. NOTE	2018	2.7500	118,000,000	124,748,420
PFIZER INC	2015	5.3500	118,000,000	122,059,200
US TREAS. NOTE	2017	3.1250	110,000,000	116,840,900
EMC CORP	2020	2.6500	114,000,000	114,932,520
GENERAL ELECTRIC CAP CORP	2026	5.5500	94,000,000	109,064,440
US TREAS. BOND	2036	4.5000	87,000,000	105,664,110
US TREAS. NOTE	2016	0.8750	99,000,000	99,719,730
SHELL INTERNATIONAL FIN	2018	2.0000	98,000,000	99,358,280
SHELL INTERNATIONAL FIN	2018	1.9000	98,000,000	99,157,380
US TREAS NOTE	2014	0.1250	99,000,000	99,019,800
EXXON MOBIL CORP	2019	1.8190	98,000,000	98,690,900
ANHEUSER-BUSCH	2017	1.1250	98,000,000	98,479,220
CISCO SYSTEMS INC	2017	1.1000	98,000,000	98,304,780
PROCTER & GAMBLE CO	2018	1.6000	98,000,000	98,248,920
GENERAL ELECTRIC CAP CORP	2018	1.6250	98,000,000	98,160,720
COMCAST-NBC	2018	1.6620	98,000,000	97,936,300
JPMORGAN CHASE & CO	2017	1.2500	98,000,000	97,813,800
PRAXAIR INC	2019	1.9000	98,000,000	97,477,660
PRAXAIR INC	2018	1.2000	98,000,000	95,578,420
US TREAS. NOTE	2021	3.1250	82,000,000	87,541,560
MICROSOFT CORP	2015	1.6250	83,000,000	84,371,160
UNITED PARCEL SERVICE	2021	3.1250	78,000,000	81,323,580
WALT DISNEY COMPANY	2017	1.1250	79,000,000	79,414,750
AT&T INC	2017	1.4000	79,000,000	78,668,990
ONTARIO (PROVINCE OF)	2017	1.1000	79,000,000	78,651,610
ROYAL BANK OF CANADA	2017	1.1700	79,000,000	78,248,710
SCHLUMBERGER INVESTMENT	2021	3.3000	62,000,000	64,310,120
INTEL CORP	2021	3.3000	62,000,000	64,199,760
WAL-MART STORES INC	2016	2.8000	59,000,000	61,383,600
US TREAS. NOTE	2022	1.6250	64,000,000	60,760,320
COCA COLA CO	2018	1.6500	59,000,000	59,148,090
PFIZER INC	2018	1.5000	59,000,000	58,506,760
COCA COLA CO	2018	1.1500	59,000,000	58,421,210
GENERAL ELECTRIC CAP CORP	2020	3.2500	50,000,000	50,997,500
ILLINOIS TOOL WORKS INC	2019	1.9500	50,000,000	50,055,500
GENERAL ELECTRIC CAP CORP	2016	1.4500	49,000,000	49,266,560
ILLINOIS TOOL WORKS INC	2017	0.9000	49,000,000	48,953,450
COCA COLA CO	2020	2.4500	40,000,000	40,210,800
US TREAS. NOTE	2019	1.0000	34,000,000	32,841,960
MICROSOFT CORP	2017	0.8750	20,000,000	19,850,600
<b>ERS Fixed Income Securities</b>			<b>\$ 4,155,000,000</b>	<b>\$ 4,253,252,250</b>
<b>Defined Contribution Fixed Income Securities</b>			<b>60,500,000</b>	<b>60,867,870</b>
<b>Total ERS and Defined Contribution Fixed Income Securities</b>			<b>\$ 4,215,500,000</b>	<b>\$ 4,314,120,120</b>

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

# Actuarial Section





Cavanaugh Macdonald  
CONSULTING, LLC  
*The experience and dedication you deserve*

3550 Busbee Pkwy, Suite 250  
Kennesaw, GA 30144  
Phone (678) 388-1700 • Fax (678) 388-1730  
www.CavMacConsulting.com

## ERS

April 17, 2014

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

Attn: Mr. James Potvin, 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, 2013. The report indicates that annual employer contributions at the rate of 19.97% of compensation for Old Plan Members, 24.72% of compensation for New Plan Members, and 21.69% of compensation for GSEPS Members for the fiscal year ending June 30, 2016 are sufficient to support the benefits of the System.

Since the previous valuation, the Board has adopted a funding policy. In accordance with this funding policy, the actuarial value of assets was set equal to the market value of assets on June 30, 2013. Five-year smoothing of investment gains and losses will commence in subsequent years.

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 2013 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 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 total unfunded accrued liability which is being amortized on a level dollar basis in accordance with the funding policy adopted by the Board.

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

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

Cathy Turcot  
Principal and Managing Director



PSERS



Cavanaugh Macdonald  
CONSULTING, LLC  
*The experience and dedication you deserve*

3550 Busbee Pkwy, Suite 250  
Kennesaw, GA 30144  
Phone (678) 388-1700 • Fax (678) 388-1730  
www.CavMacConsulting.com

April 17, 2014

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

Attn: Mr. James Potvin, Executive Director

Members of the Board:

Section 47-4-60 of the law governing the operation of the Georgia Public School Employees Retirement System provides that the employer contribution shall be actuarially determined and approved by the Board of Trustees. We have submitted the report giving the results of the actuarial valuation of the System prepared as of June 30, 2013. Based on a monthly benefit accrual rate of \$14.75, the valuation indicates that annual employer contributions of \$28,580,000 or \$764.97 per active member for the fiscal year ending June 30, 2016 are sufficient to support the benefits of the System.

Since the previous valuation, the Board has adopted a funding policy. In accordance with the funding policy, the actuarial value of assets was set equal to the market value of assets on June 30, 2013. Five-year smoothing of investment gains and losses will commence in subsequent years. In addition, the results of the valuation reflect that the Board did not grant the anticipated cost-of-living increases (COLAs) to retired members on July 1, 2013 and on January 1, 2014.

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 2013 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 total unfunded accrued liability which is being amortized as a level dollar per active member in accordance with the funding policy adopted by the Board.

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

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

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

Cathy Turcot  
Principal and Managing Director

GJRS



Cavanaugh Macdonald  
CONSULTING, LLC  
*The experience and dedication you deserve*

3550 Busbee Pkwy, Suite 250  
Kennesaw, GA 30144  
Phone (678) 388-1700 • Fax (678) 388-1730  
www.CavMacConsulting.com

April 17, 2014

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

Attn: Mr. James Potvin, Executive Director

Members of the Board:

Section 47-23-21 of the law governing the operation of the Georgia Judicial Retirement System 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, 2013. The report indicates that annual employer contributions at the rate of 12.19% of compensation for the fiscal year ending June 30, 2016 are sufficient to support the benefits of the System.

Since the previous valuation, the Board has adopted a funding policy. In accordance with this funding policy, the actuarial value of assets was set equal to the market value of assets on June 30, 2013. Five-year smoothing of investment gains and losses will commence in subsequent years.

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 2013 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 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 total unfunded accrued liability which is negative and being amortized as a level percent of payroll in accordance with the funding policy adopted by the Board.

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

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

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

Sincerely yours,

Edward A. Macdonald, ASA, FCA MAAA  
President

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

Cathy Turcot  
Principal and Managing Director



Cavanaugh Macdonald  
CONSULTING, LLC  
*The experience and dedication you deserve*

3550 Busbee Pkwy, Suite 250  
Kennesaw, GA 30144  
Phone (678) 388-1700 • Fax (678) 388-1730  
www.CavMacConsulting.com

## LRS

April 17, 2014

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

Attn: Mr. James Potvin, Executive Director

Members of the Board:

Section 47-6-22 of the law governing the operation of the Georgia Legislative Retirement System provides that the actuary shall make periodic valuations of the contingent assets and liabilities of the Retirement System on the basis of regular interest and the tables last adopted by the Board of Trustees. We have submitted the report giving the results of the actuarial valuation of the System prepared as of June 30, 2013. The report indicates that no annual employer contributions for the fiscal year ending June 30, 2016 are required to support the benefits of the System.

Since the previous valuation, the Board has adopted a funding policy. In accordance with this funding policy, the actuarial value of assets was set equal to the market value of assets on June 30, 2013. Five-year smoothing of investment gains and losses will commence in subsequent years. In addition, the results of the valuation reflect that the Board did not grant the anticipated cost-of-living increases (COLAs) to retired members on July 1, 2013 and on January 1, 2014.

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 2013 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 total 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 and the funding policy adopted by the Board. In our opinion the System is operating on an actuarially sound basis. Assuming that contributions to the System are made by the employer from year to year in the future at the rates recommended on the basis of the successive actuarial valuations, the continued sufficiency of the retirement fund to provide the benefits called for under the System may be safely anticipated.

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

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

Sincerely yours,

Edward A. Macdonald, ASA, FCA MAAA  
President

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

Cathy Turcot  
Principal and Managing Director

GMPF



Cavanaugh Macdonald  
CONSULTING, LLC  
*The experience and dedication you deserve*

3550 Busbee Pkwy, Suite 250  
Kennesaw, GA 30144  
Phone (678) 388-1700 • Fax (678) 388-1730  
www.CavMacConsulting.com

April 17, 2014

Board of Trustees  
Georgia Military Pension Fund  
Two Northside 75, Suite 300  
Atlanta, GA 30318-7701

Attn: Mr. James Potvin, Executive Director

Members of the Board:

Section 47-24-22 of the law governing the operation of the Georgia Military Pension Fund provides that the actuary shall make periodic valuations of the contingent assets and liabilities of the Pension Fund on the basis of regular interest and the tables last adopted by the Board of Trustees. We have submitted the report giving the results of the actuarial valuation of the Fund prepared as of June 30, 2013. The report indicates that annual employer contributions of \$1,989,530 or \$146.58 per active member for the fiscal year ending June 30, 2016 are sufficient to support the benefits of the Fund.

Since the previous valuation, the Board has adopted a funding policy. In accordance with the funding policy, the actuarial value of assets was set equal to the market value of assets on June 30, 2013. Five-year smoothing of investment gains and losses will commence in subsequent years.

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 2013 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 plan is that contributions rates over time will remain level as a dollar per active number.

The valuation method used is the entry age normal cost method. The normal contribution rate to cover current cost has been determined as a dollar per active member. Gains and losses are reflected in the total unfunded accrued liability which is being amortized as a level dollar per active member in accordance with the funding policy adopted by the Board.

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

This is to certify that the independent consulting actuary is a member of the American Academy of Actuaries and has experience 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 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

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

Cathy Turcot  
Principal and Managing Director



Cavanaugh Macdonald  
CONSULTING, LLC  
*The experience and dedication you deserve*

3550 Busbee Pkwy, Suite 250  
Kennesaw, GA 30144  
Phone (678) 388-1700 • Fax (678) 388-1730  
www.CavMacConsulting.com

## SEAD Pre-Retirement

April 17, 2014

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

Attention: Mr. James Potvin, 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). Since the previous valuation, the Board has adopted a funding policy.

We have submitted the report giving the results of the valuation of the Plan prepared as of June 30, 2013. The report indicates that employee contributions at the rate of 0.05% of active payroll for Old Plan members of the Employees' Retirement System, and 0.02% of active payroll for New Plan members of the Employees' Retirement System, 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, 2016 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

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

Cathy Turcot  
Principal and Managing Director



Cavanaugh Macdonald  
CONSULTING, LLC  
*The experience and dedication you deserve*

3550 Busbee Pkwy, Suite 250  
Kennesaw, GA 30144  
Phone (678) 388-1700 • Fax (678) 388-1730  
www.CavMacConsulting.com

## SEAD Post-Retirement

April 17, 2014

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

Attention: Mr. James Potvin, 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). Since the previous valuation, the Board has adopted a funding policy.

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, 2013. The report indicates, for post-retirement benefits, there is no employer annual required contribution for the fiscal year ending June 30, 2016.

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

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

Cathy Turcot  
Principal and Managing Director

## Summary of Plan Provisions

ERS – Please see Notes to Financial Statements, (2)(a), pages 25-26.

PSERS – Please see Notes to Financial Statements, (2)(b), pages 26-27.

LRS – Please see Notes to Financial Statements, (2)(c), page 27.

GJRS – Please see Notes to Financial Statements, (2)(d), page 28.

GMPPF – Please see Notes to Financial Statements, (2)(e), page 29.

SEAD-Active – Please see Notes to Financial Statements, (2)(f), pages 29-30.

SEAD-OPEB – Please see Notes to Financial Statements, (2)(g), page 30.

The following Boards are responsible for establishing and maintaining the funding policies of the various defined benefit systems administered by ERSGA:

- Board of Trustees of the Employees' Retirement System: ERS, LRS, and GMPPF
- Board of Trustees of the Public School Employees Retirement System: PSERS
- Board of Trustees of the Georgia Judicial Retirement System: GJRS
- Board of Directors of the State Employees Assurance Department: SEAD-Active and SEAD-OPEB

ERS, PSERS, LRS, GJRS, and GMPPF are all subject to the provisions of GASB 67; SEAD-Active and SEAD-OPEB are not. All of the systems covered under GASB 67 use the Entry Age Normal actuarial cost method for both funding and financial reporting purposes. This continues a long-standing practice for all of those systems and provides a point of consistency between the funding provisions and the new GASB 67 requirements.

For all of the systems covered under GASB 67, the GASB 67 reports prepared as of June 30, 2014 were largely based on the data, assumptions, and results of the annual funding valuations as of June 30, 2013 (detailed in reports dated April 17, 2014). The Total Pension Liability (TPL) for each system, determined using the Entry Age Normal method, was then rolled forward to the June 30, 2014 measurement date. The Net Pension Liability for each system is equal to the rolled forward TPL less the market value of assets as of June 30, 2014.

For the funding valuations as of June 30, 2013, the Actuarial Value of Assets was set equal to the Market Value of Assets as of June 30, 2013. In future valuations, the Actuarial Value of Assets will be calculated using a five-year smoothing methodology, whereby excesses and shortfalls of actual investment income over or under the expected investment return will be recognized over the succeeding five-year periods.

For the funding valuations, each system covered under GASB 67 utilizes a 7.5% assumed rate of return and a 7.5% discount rate for the calculation of the respective systems' liabilities. The Single Equivalent Interest Rate required under GASB 67 has also been determined to be 7.5% by the systems' actuaries.

The laws governing the Employees' Retirement System and the plans it administers require an actuary to perform an annual valuation of the soundness of the systems. 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, 2013 based on actuarial assumptions approved by the Board during the last experience study on December 16, 2010.

The more pertinent facts and significant assumptions underlying the computations included in the June 30, 2013 reports are as follows:

## Summary of Actuarial Assumptions

	ERS	PSERS	GJRS	LRS	GMPF
Valuation Date	June 30, 2013	June 30, 2013	June 30, 2013	June 30, 2013	June 30, 2013
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	Level dollar, closed	Level dollar, closed	Level percent of pay, closed	Level dollar, closed	Level dollar, closed
Amortization Period	25 years	25 years	20 years	20 years	20 years
Actuarial Asset Valuation Method	For the fiscal year ended June 30, 2013, the actuarial value of assets was set equal to the market value of assets. For the fiscal year ended June 30, 2014 and later years, the actuarial value of assets will be 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 5 years. One-fifth of the excess or shortfall is recognized each year for five years.				
Investment Rate of Return	7.50%	7.50%	7.50%	7.50%	7.50%
Inflation Rate	3.00%	3.00%	3.00%	3.00%	3.00%
Projected Salary Increases	5.45-9.25%	n/a	6.00%	n/a	n/a
COLA	None	1.50% Semi-annually	None	3.0% Annually	None
Valuation Date	SEAD (Active & OPEB)				
Actuarial Cost Method	June 30, 2013 Projected unit credit				
Amortization Method	Level dollar, closed				
Amortization Period	20 years				
Actuarial Asset Valuation Method	Market Value of Assets				
Investment Rate of Return	7.50%				
Inflation Rate	3.00%				
Projected Salary Increases	5.45-9.25%				
ERS	6.00%				
GJRS	0.00				
LRS	n/a				
COLA					



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.

Age	Annual Rates of Death		Annual Rates of Disability	
	Men	Women	Men	Women
20	.035 %	.019 %	.05 %	.02 %
25	.038	.021	.05	.02
30	.044	.026	.05	.02
35	.077	.048	.05	.02
40	.108	.071	.25	.10
45	.151	.112	.50	.25
50	.214	.168	.75	.50
55	.362	.272	1.10	.82
60	.675	.506	—	—
65	1.274	.971	—	—
69	1.980	1.486	—	—

Age	Annual Rates of Withdrawal Years of Service					
	0-4		5-9		10 & over	
	Men	Women	Men	Women	Men	Women
20	31.00 %	31.00 %	— %	— %	— %	— %
25	26.00	24.00	17.00	19.00	—	—
30	22.50	21.00	12.00	13.00	7.50	7.75
35	21.00	19.50	10.00	10.50	7.00	6.75
40	19.00	17.50	9.50	9.00	5.00	4.50
45	18.00	15.50	9.00	8.00	3.75	3.50
50	15.50	15.00	7.00	7.00	3.75	3.50
55	13.00	12.50	6.50	6.50	4.00	4.00
60	15.00	12.50	7.00	6.50	—	—
65	15.00	17.00	9.50	10.00	—	—

PSERS

Age	Annual Rates of Death		Annual Rate of Disability
	Men	Women	Both
20	.036 %	.019 %	— %
25	.038	.021	—
30	.050	.026	—
35	.084	.048	—
40	.114	.071	.01
45	.162	.112	.04
50	.245	.168	.09
55	.420	.272	.23
60	.778	.506	.35
65	1.441	.971	—

Age	Annual Rates of Withdrawal Years of Service					
	0-4		5-9		10 & over	
	Men	Women	Men	Women	Men	Women
20	35.00 %	34.00 %	— %	— %	— %	— %
25	30.00	29.00	17.00	19.00	—	—
30	27.00	24.00	16.00	15.00	14.00	11.00
35	24.00	20.00	14.00	13.00	9.00	10.00
40	21.00	17.00	12.00	12.00	7.00	8.00
45	20.00	16.00	11.00	10.00	6.50	7.00
50	18.00	14.00	11.00	9.00	6.50	6.50
55	15.00	12.00	9.00	8.00	6.00	6.00
60	13.00	11.00	9.00	7.00	—	—

GJRS

Age	Annual Rates of			
	Withdrawal	Death		Disability
	Both	Men	Women	Both
20	8.0 %	.035 %	.019 %	.05 %
25	8.0	.038	.021	.05
30	8.0	.044	.026	.10
35	8.0	.077	.048	.15
40	8.0	.108	.071	.20
45	4.0	.151	.112	.35
50	3.0	.214	.168	.50
55	3.0	.362	.272	.90
60	3.0	.675	.506	1.45
65	3.0	1.274	.971	2.35

LRS

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

GMPF

Rates of Withdrawal from Active Service		Age	Rates of Death	
Service	Rates		Men	Women
10 or less	17.5 %	25	.038 %	.021 %
11-13	15.0	30	.044	.026
14-19	9.5	35	.077	.048
20 or more	14.5	40	.108	.071
		45	.151	.112
		50	.214	.168
		55	.362	.272
		60	.675	.506

SEAD-Active and SEAD-OPEB

Age	All Groups		ERS		LRS	GJRS
	Annual Rates of Death		Annual Rates of Disability		Annual Rates of Disability	Annual Rates of Disability
	Men	Women	Men	Women	Both	Both
20	.035 %	.019 %	.05 %	.02 %	.1 %	.05 %
25	.038	.021	.05	.02	.1	.05
30	.044	.026	.05	.02	.2	.10
35	.077	.048	.05	.02	.3	.15
40	.108	.071	.25	.10	.4	.20
45	.151	.112	.50	.25	.7	.35
50	.214	.168	.75	.50	1.0	.50
55	.362	.272	1.10	.82	1.8	.90
60	.675	.506	—	—	2.9	1.45
65	1.274	.971	—	—	—	2.35
69	1.980	1.486	—	—	—	—

Age	ERS						LRS	GJRS
	Annual Rates of Withdrawal Years of Service						Annual Rates of Withdrawal	Annual Rates of Withdrawal
	0-4		5-9		10 & over		Both	Both
	Men	Women	Men	Women	Men	Women		
20	31.00 %	31.00 %	— %	— %	— %	— %	6.00 %	8.00 %
25	26.00	24.00	17.00	19.00	—	—	6.00	8.00
30	22.50	21.00	12.00	13.00	7.50	7.75	6.00	8.00
35	21.00	19.50	10.00	10.50	7.00	6.75	6.00	8.00
40	19.00	17.50	9.50	9.00	5.00	4.50	6.00	8.00
45	18.00	15.50	9.00	8.00	3.75	3.50	7.50	4.00
50	15.50	15.00	7.00	7.00	3.75	3.50	8.50	3.00
55	13.00	12.50	6.50	6.50	4.00	4.00	10.00	3.00
60	15.00	12.50	7.00	6.50	—	—	10.00	3.00
65	15.00	17.00	9.50	10.00	—	—	10.00	3.00

Annual Rates of Retirement

ERS

Age	Old Plan							
	Early Retirement		Age 60 or 30 years		34 years		More than 34 years	
	Men	Women	Men	Women	Men	Women	Men	Women
55	3.0 %	4.0 %	11.5 %	9.0 %	100.0 %	100.0 %	90.0 %	90.0 %
56	3.5	6.0	12.0	11.0	100.0	100.0	70.0	70.0
57	4.0	6.0	12.0	13.0	100.0	100.0	70.0	70.0
58	5.0	6.0	13.0	15.0	95.0	95.0	70.0	70.0
59	6.0	6.0	16.0	16.0	95.0	95.0	70.0	70.0
60	—	—	17.0	20.0	95.0	95.0	50.0	60.0
62	—	—	37.0	40.0	90.0	90.0	50.0	60.0
64	—	—	20.0	30.0	90.0	90.0	15.0	60.0
66	—	—	30.0	35.0	30.0	35.0	30.0	35.0
68	—	—	20.0	25.0	20.0	25.0	20.0	25.0
70	—	—	45.0	35.0	45.0	35.0	45.0	35.0
75	—	—	100.0	100.0	100.0	100.0	100.0	100.0

Age	New Plan and GSEPS			
	Early Retirement		Normal Retirement*	
	Men	Women	Men	Women
55	10.0 %	8.0 %	50.0 %	40.0 %
56	10.0	8.0	50.0	40.0
57	10.0	9.0	50.0	40.0
58	10.0	10.0	30.0	40.0
59	10.0	15.0	30.0	40.0
60	—	—	17.0	20.0
62	—	—	38.0	36.0
64	—	—	25.0	28.0
66	—	—	35.0	35.0
68	—	—	20.0	25.0
70	—	—	20.0	25.0
75	—	—	100.0	100.0

\*An additional 10% of active New Plan and GSEPS members less than age 60 are expected to retire in the year in which they attain 30 years of service.

PSERS

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

GJRS

Age	Annual Rate of Retirement
60	12 %
61-64	12
65-66	15
67-69	20
70-74	30
75	100

LRS

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

GMPF

Age	Annual Rate of Retirement
60	65.0 %
61	65.0
62	65.0
63	65.0
64	65.0
65 & over	100.0

SEAD-Active and SEAD-OPEB

ERS Members

Age	Old Plan							
	Early Retirement		Age 60 or 30 years		34 years		More than 34 years	
	Men	Women	Men	Women	Men	Women	Men	Women
55	3.0 %	4.0 %	11.5 %	9.0 %	100.0 %	100.0 %	90.0 %	90.0 %
56	3.5	6.0	12.0	11.0	100.0	100.0	70.0	70.0
57	4.0	6.0	12.0	13.0	100.0	100.0	70.0	70.0
58	5.0	6.0	13.0	15.0	95.0	95.0	70.0	70.0
59	6.0	6.0	16.0	16.0	95.0	95.0	70.0	70.0
60	—	—	17.0	20.0	95.0	95.0	50.0	60.0
62	—	—	37.0	40.0	90.0	90.0	50.0	60.0
64	—	—	20.0	30.0	90.0	90.0	15.0	60.0
66	—	—	30.0	35.0	30.0	35.0	30.0	35.0
68	—	—	20.0	25.0	20.0	25.0	20.0	25.0
70	—	—	45.0	35.0	45.0	35.0	45.0	35.0

Age	New Plan and GSEPS			
	Early Retirement		Normal Retirement*	
	Men	Women	Men	Women
55	10.0 %	8.0 %	50.0 %	40.0 %
56	10.0	8.0	50.0	40.0
57	10.0	9.0	50.0	40.0
58	10.0	10.0	30.0	40.0
59	10.0	15.0	30.0	40.0
60	—	—	17.0	20.0
62	—	—	38.0	36.0
64	—	—	25.0	28.0
66	—	—	35.0	35.0
68	—	—	20.0	25.0
70	—	—	20.0	25.0

\*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.

LRS Members

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

**SEAD-Active and SEAD-OPEB**

---

**GJRS Members**

<b>Age</b>	<b>Annual Rates of Retirement</b>
60-64	12 %
65-66	15
67-69	20
70-74	30
75	100

---



**Annual Rates of Death After Retirement**

For all plans except PSERS, the RP-2000 Combined Mortality Table is used for the period after retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set back eleven years for males is used for the period after disability retirement. For PSERS, the RP-2000 Combined Table set forward one year for males is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality Table set back two years for males and set forward one year for females is used for the period after disability retirement.

**ERS**

Age	Men	Women	Age	Men	Women
40	.108 %	.071 %	65	1.274 %	.971 %
45	.151	.112	70	2.221	1.674
50	.214	.168	75	3.783	2.811
55	.362	.272	80	6.437	4.588
60	.675	.506	85	11.076	7.745

**PSERS**

Age	Men	Women	Age	Men	Women
40	.114 %	.071 %	65	1.441 %	.971 %
45	.162	.112	70	2.457	1.674
50	.245	.168	75	4.217	2.811
55	.420	.272	80	7.204	4.588
60	.768	.506	85	12.280	7.745

**GJRS**

Age	Men	Women	Age	Men	Women
40	.108 %	.071 %	65	1.274 %	.971 %
45	.151	.112	70	2.221	1.674
50	.214	.168	75	3.783	2.811
55	.362	.272	80	6.437	4.588
60	.675	.506	85	11.076	7.745

**LRS**

Age	Men	Women	Age	Men	Women
40	.108 %	.071 %	65	1.274 %	.971 %
45	.151	.112	70	2.221	1.674
50	.214	.168	75	3.783	2.811
55	.362	.272	80	6.437	4.588
60	.675	.506	85	11.076	7.745

## GMPF

Age	Men	Women	Age	Men	Women
40	.108 %	.071 %	65	1.274 %	.971 %
45	.151	.112	70	2.221	1.674
50	.214	.168	75	3.783	2.811
55	.362	.272	80	6.437	4.588
60	.675	.506	85	11.076	7.745

## SEAD-OPEB

Age	Men	Women	Age	Men	Women
40	.108 %	.071 %	65	1.274 %	.971 %
45	.151	.112	70	2.221	1.674
50	.214	.168	75	3.783	2.811
55	.362	.272	80	6.437	4.588
60	.675	.506	85	11.076	7.745

## 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
2010	68,566	2,571,042	37,497	(0.1)
2011	66,081	2,486,780	37,632	0.4
2012	63,942	2,414,884	37,767	0.4
2013	61,550	2,335,773	37,949	0.5

## PSERS

	Year	Active Members
PSERS is not a compensation based plan.	2004	35,943
	2005	36,704
	2006	37,587
	2007	39,086
	2008	40,121
	2009	40,581
	2010	39,962
	2011	39,249
	2012	38,654
	2013	37,361

## 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)
2010	495	51,293	103,622	(0.1)
2011	507	52,331	103,216	(0.4)
2012	503	51,898	103,177	(0.0)
2013	506	52,807	104,362	1.1

## LRS

	Year	Active Members
LRS is not a compensation based plan.	2004	210
	2005	217
	2006	218
	2007	218
	2008	218
	2009	218
	2010	216
	2011	218
	2012	220
	2013	223

**GMPF**

	<b>Year</b>	<b>Active Members</b>
GMPF is not a compensation based plan.	2004	8,573
	2005	8,870
	2006	10,320
	2007	12,017
	2008	11,623
	2009	12,019
	2010	13,032
	2011	13,776
	2012	13,526
	2013	13,573

**SEAD-Active and SEAD-OPEB**

	<b>Year</b>	<b>Active Members</b>
	2008	75,859
	2009	69,745
	2010	62,305
	2011	55,516
	2012	49,261
	2013	43,512

SEAD-Active and SEAD-OPEB began in 2007.

Note: Payroll data may not equal that which is presented in the Financial section. Valuation data is a snapshot as of the valuation date, annualized for new hires and salary increases, and does not include those who terminated during the year.

Member and Employer Contribution Rates

ERS

Year	Member	Employer Rates		
		Old Plan*	New Plan	GSEPS**
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%
2011	1.25%	10.41%	10.41%	6.54%
2012	1.25%	11.63%	11.63%	7.42%
2013	1.25%	14.90%	14.90%	11.54%
2014	1.25%	18.46%	18.46%	15.18%

\* Old Plan Rate includes an employer pick-up of employee contributions.

\*\* GSEPS Plan began on January 1, 2009

PSERS

Year	Pre 7/1/12 Member	Post 7/1/12 Member	Employer
2005	\$ 36 per year		\$ 840,000
2006	\$ 36 per year		3,638,000
2007	\$ 36 per year		6,484,000
2008	\$ 36 per year		2,866,000
2009	\$ 36 per year		5,680,000
2010	\$ 36 per year		5,529,000
2011	\$ 36 per year		7,509,000
2012	\$ 36 per year		15,884,000
2013	\$ 36 per year	\$ 90 per year	24,829,000
2014	\$ 36 per year	\$ 90 per year	27,160,000

GJRS

Year	Member	Employer
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%
2011	7.50%	3.85%
2012	7.50%	3.90%
2013	7.50%	3.90%
2014	7.50%	4.23%

LRS

Year	Member	Employer
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
2011	8.50%	75,000
2012	8.50%	75,000
2013	8.50%	128,000
2014	8.50%	45,000

GMPF

	Year	Member	Employer
	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
	2011	n/a	1,282,000
	2012	n/a	1,521,000
	2013	n/a	1,703,000
	2014	n/a	1,892,000

SEAD-Active\*

	Year	Member - Old Plan	Member - New Plan, LRS, GJRS	Employer
	2008	0.05%	0.02%	0%
	2009	0.05%	0.02%	0%
	2010	0.05%	0.02%	0%
	2011	0.05%	0.02%	0%
	2012	0.05%	0.02%	0%
	2013	0.05%	0.02%	0%
	2014	0.05%	0.02%	0%

SEAD-OPEB\*

	Year	Member - Old Plan	Member - New Plan, LRS, GJRS	Employer
	2008	0.45%	0.23%	0%
	2009	0.45%	0.23%	0%
	2010	0.45%	0.23%	0%
	2011	0.45%	0.23%	0%
	2012	0.45%	0.23%	0.61%
	2013	0.45%	0.23%	0.27%
	2014	0.45%	0.23%	0%

\*SEAD-Active and SEAD-OPEB began in 2007.

# Schedules of Funding Progress

(In thousands)

Actuarial valuation date	Actuarial value of plan assets (a)	Actuarial accrued liability (AAL) entry age (b)	Unfunded AAL (funded excess) (b-a)	Funded ratio (a/b)	Annual covered payroll (c)	Unfunded AAL/ (funded excess) as percentage of covered payroll [(b-a)/c]
<b>Employees' Retirement System</b>						
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
6/30/2010	13,046,193	16,295,352	3,249,159	80.1	2,571,042	126.4
6/30/2011	12,667,557	16,656,905	3,989,348	76.0	2,486,780	160.4
6/30/2012	12,260,595	16,777,922	4,517,327	73.1	2,414,884	187.1
6/30/2013	12,129,804	16,982,449	4,852,645	71.4	2,335,773	207.8
<b>Public School Employees Retirement System<sup>1</sup></b>						
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
6/30/2010	737,406	875,396	137,990	84.2	N/A	N/A
6/30/2011	719,601	885,927	166,326	81.2	N/A	N/A
6/30/2012	710,915	895,324	184,409	79.4	N/A	N/A
6/30/2013	727,268	910,256	182,988	79.9	N/A	N/A
<b>Legislative Retirement System</b>						
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)
6/30/2010	29,581	25,003	(4,578)	118.3	3,745	(122.2)
6/30/2011	29,278	25,245	(4,033)	116.0	3,780	(106.7)
6/30/2012	28,990	24,966	(4,024)	116.1	3,815	(105.5)
6/30/2013	29,481	24,904	(4,577)	118.4	3,867	(118.4)
<b>Georgia Judicial Retirement System</b>						
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)
6/30/2010	320,050	281,496	(38,554)	113.7	51,293	(75.2)
6/30/2011	327,483	290,486	(36,997)	112.7	52,331	(70.7)
6/30/2012	335,225	308,862	(26,363)	108.5	51,898	(50.8)
6/30/2013	351,889	335,792	(16,097)	104.8	52,807	(30.5)

# Schedules of Funding Progress

(In thousands)

Actuarial valuation date	Actuarial value of plan assets (a)	Actuarial accrued liability (AAL) entry-age (b)	Unfunded AAL/ (funded excess) (b-a)	Funded ratio (a/b)	Annual covered payroll (c)	Unfunded AAL/ (funded excess) as percentage of covered payroll [(b-a)/c]
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
6/30/2010	7,558	23,773	16,215	31.8	N/A	N/A
6/30/2011	8,702	26,767	18,065	32.5	N/A	N/A
6/30/2012	10,087	28,231	18,144	35.7	N/A	N/A
6/30/2013	12,131	30,056	17,925	40.4	N/A	N/A

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

<sup>1</sup> No statistics regarding covered payroll are available. Contributions are not based on members' salaries, but are simply \$4.00 per month, per member for nine months each fiscal year if hired prior to July 1, 2012 and \$10 per month, per member for nine months if hired after July 1, 2012.

<sup>2</sup> 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.

Please see Financial Section pages 49-50 for Schedules of Employer Contributions.



Schedule of Retirees Added to and Removed from Rolls

ERS

Added to Rolls			Removed from Rolls			Roll End of Year		
Year Ended	Number	Annual Allowances (in thousands)	Number	Annual Allowances (in thousands)	Number	Annual Allowances (in thousands)	% Increase in Annual Allowance	Average Annual Allowances
2005	n/a	\$ n/a	n/a	\$ n/a	31,355	\$ 773,445	n/a %	\$ 24,667
2006	2,338	84,982	854	16,270	32,839	842,157	8.9	25,645
2007	2,410	114,719	1,075	20,598	34,174	936,278	11.2	27,397
2008	2,422	82,644	1,017	21,299	35,579	997,623	6.6	28,040
2009	2,444	85,329	1,055	20,194	36,968	1,062,758	6.5	28,748
2010	2,665	70,383	1,051	22,413	38,582	1,110,728	4.5	28,789
2011	2,797	69,031	1,170	25,347	40,209	1,154,412	3.9	28,710
2012	2,956	71,464	1,305	27,696	41,860	1,198,180	3.8	28,624
2013	3,664	88,855	1,176	26,334	44,348	1,260,701	5.2	28,427

PSERS

Added to Rolls			Removed from Rolls			Roll End of Year		
Year Ended	Number	Annual Allowances (in thousands)	Number	Annual Allowances (in thousands)	Number	Annual Allowances (in thousands)	% Increase in Annual Allowance	Average Annual Allowances
2005	n/a	\$ n/a	n/a	\$ n/a	12,675	\$ 41,316	n/a %	\$ 3,260
2006	870	4,835	531	1,885	13,014	44,266	7.1	3,401
2007	816	4,749	637	2,353	13,193	46,662	5.4	3,537
2008	899	4,514	605	2,371	13,487	48,805	4.6	3,619
2009	886	5,290	575	2,260	13,798	51,835	6.2	3,757
2010	1,001	4,494	642	2,666	14,157	53,663	3.5	3,791
2011	1,174	3,168	731	3,072	14,600	53,759	0.2	3,682
2012	1,133	3,192	684	2,834	15,049	54,117	0.7	3,596
2013	1,298	3,803	650	2,738	15,697	55,182	2.0	3,515

GJRS

Added to Rolls			Removed from Rolls			Roll End of Year		
Year Ended	Number	Annual Allowances (in thousands)	Number	Annual Allowances (in thousands)	Number	Annual Allowances (in thousands)	% Increase in Annual Allowance	Average Annual Allowances
2005	n/a	\$ n/a	n/a	\$ n/a	174	\$ 9,460	n/a %	\$ 54,368
2006	5	144	14	687	165	8,917	(5.7)	54,042
2007	13	853	7	297	171	9,473	6.2	55,398
2008	14	902	7	410	178	9,965	5.2	55,983
2009	29	2,238	6	191	201	12,012	20.5	59,761
2010	16	933	10	508	207	12,437	3.5	60,082
2011	15	1,168	2	105	220	13,500	8.5	61,364
2012	22	1,732	8	405	234	14,827	9.8	63,363
2013	42	2,763	13	629	263	16,961	14.4	64,490

## LRS

Year Ended	Added to Rolls		Removed from Rolls		Roll End of Year		% Increase in Annual Allowance	Average Annual Allowances
	Number	Annual Allowances (in thousands)	Number	Annual Allowances (in thousands)	Number	Annual Allowances (in thousands)		
2005	n/a	\$ n/a	n/a	\$ n/a	224	\$ 1,594	n/a %	\$ 7,116
2006	13	103	21	165	216	1,532	(3.9)	7,093
2007	17	151	9	74	224	1,609	5.0	7,183
2008	13	130	11	100	226	1,639	1.9	7,252
2009	10	117	7	54	229	1,702	3.8	7,432
2010	10	106	3	36	236	1,772	4.1	7,508
2011	18	104	10	86	244	1,790	1.0	7,336
2012	10	66	11	82	243	1,774	(0.9)	7,300
2013	32	200	15	140	260	1,834	3.4	7,054

## GMPF

Year Ended	Added to Rolls		Removed from Rolls		Roll End of Year		% Increase in Annual Allowance	Average Annual Allowances
	Number	Annual Allowances (in thousands)	Number	Annual Allowances (in thousands)	Number	Annual Allowances (in thousands)		
2005	n/a	\$ n/a	n/a	\$ n/a	103	\$ 110	n/a %	\$ 1,068
2006	61	69	1	1	163	178	61.8	1,092
2007	73	83	1	1	235	260	46.1	1,106
2008	71	76	2	2	304	334	28.5	1,099
2009	85	91	3	4	386	421	26.0	1,091
2010	92	100	1	1	477	520	23.5	1,090
2011	94	101	3	4	568	617	18.7	1,086
2012	95	106	3	3	660	720	16.7	1,091
2013	83	87	5	5	738	802	11.4	1,087

2004 data not available.

SEAD-Active and SEAD-OPEB are life insurance plans which do not have annuity payments.

Analysis of Change in Unfunded Accrued Liability (UAL)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Interest (7.50) added to previous UAL	\$ 338.8	\$ 299.2	\$ 243.7	\$ 169.8	\$ 124.8	\$ 78.1	\$ 58.6	\$ 28.4	\$ 23.2	Not provided by actuary
Accrued liability contribution	(239.1)	(147.7)	(122.9)	(89.4)	(99.7)	(86.3)	(35.3)	7.4	7.0	
Experience:										
Valuation asset growth	253.7	396.3	433.6	710.1	609.1	129.3	(59.5)	140.2	102.4	
Pensioners' mortality	20.6	15.5	16.4	49.2	65.4	51.3	51.0	50.1	(24.2)	
Turnover and retirements	103.7	93.8	91.4	118.4	107.3	103.0	115.7	28.1	39.1	
New entrants	14.1	12.1	28.4	15.0	16.7	22.9	35.7	34.4	39.4	
Salary increases	(46.8)	(74.2)	49.0	(259.2)	(296.9)	(22.7)	(33.2)	(84.2)	(109.2)	
Method changes	(128.3)	0.0	0.0	0.0	0.0	0.0	0.0	(69.0)	(66.0)	
Amendments (COLAs)	0.0	(118.8)	0.0	0.0	(358.6)	188.8	5.9	245.2	225.8	
Assumption changes	0.0	0.0	0.0	250.7	0.0	0.0	0.0	0.0	(168.5)	
Lawsuit	0.0	0.0	0.0	0.0	75.9	0.0	0.0	0.0	0.0	
Programming modification	0.0	26.3	(28.7)	0.0	0.0	0.0	0.0	0.0	0.0	
Data changes	18.7	12.9	9.1	(2.4)	270.5	0.0	0.0	0.0	0.0	
Misc. changes	(0.1)	12.6	20.2	22.5	86.4	157.6	120.9	22.8	0.0	
Total	\$ 335.3	\$ 528.0	\$ 740.2	\$ 984.7	\$ 600.9	\$ 622.0	\$ 259.8	\$ 403.4	\$ 69.0	

Amount of Increase (Decrease) (in Thousands)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Interest (7.50) added to previous UAL	\$ 13,830.7	\$ 12,474.4	\$ 10,349.3	\$ 4,021.0	\$ (1,567.9)	\$ (2,953.7)	\$ (5,596.9)	\$ (6,204.6)	\$ (5,769.9)	Not provided by actuary
Accrued liability contribution	(12,497.7)	(4,843.8)	4,022.8	6,403.4	5,026.0	7,267.0	4,729.2	6,961.2	9,691.0	
Experience:										
Valuation asset growth	13,868.0	21,922.0	24,002.0	39,729.0	34,015.0	6,623.0	(3,737.0)	7,359.0	5,256.0	
Pensioners' mortality	(381.9)	(1,149.5)	(3,000.5)	(828.9)	973.7	420.3	(320.5)	1,146.2	(3,354.4)	
Turnover and retirements	4,772.4	4,974.5	3,403.6	12,375.8	6,201.3	3,381.4	1,053.3	(1,717.5)	4,608.2	
New entrants	2,757.7	2,783.8	3,167.0	3,047.8	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	0.0	0.0	0.0	0.0	
Method changes	(9,259.0)	0.0	0.0	0.0	0.0	0.0	0.0	(3,594.0)	(1,559.2)	
Amendments (COLAs)	(14,813.1)	(20,664.9)	(16,603.6)	(14,121.2)	0.0	0.0	36,404.3	0.0	23,008.5	
Assumption changes	0.0	0.0	0.0	33,717.7	0.0	0.0	0.0	0.0	(41,797.1)	
Lawsuit	0.0	0.0	0.0	0.0	2,168.0	0.0	0.0	0.0	0.0	
Data changes	0.0	0.0	0.0	(2,192.3)	24,199.5	0.0	0.0	0.0	0.0	
Allotment for expenses	0.0	0.0	2,122.7	2,029.0	433.0	0.0	0.0	0.0	0.0	
Misc. changes	301.7	2,586.9	872.4	195.0	(197.3)	(281.8)	(846.1)	0.0	0.0	
Total	\$ 1,421.2	\$ 18,083.4	\$ 28,335.7	\$ 84,376.3	\$ 74,519.0	\$ 18,477.2	\$ 35,243.2	\$ 8,101.9	\$ (5,795.4)	

2013 2012 2011 2010 2009 2008 2007 2006 2005 2004

Amount of Increase (Decrease) (in Thousands)

GJRS

Interest (7.50) added to previous UAL	\$ (1,977.2)	\$ (2,774.8)	\$ (2,891.5)	\$ (3,360.0)	\$ (3,585.9)	\$ (3,729.5)	\$ (3,889.8)	\$ (4,035.8)	Not provided by actuary
Accrued liability contribution	5,187.8	4,710.8	4,079.8	3,596.2	4,498.3	3,953.2	6,928.7	6,330.0	
Experience:									
Valuation asset growth	4,949.6	8,638.5	9,404.0	13,941.0	3,164.0	(1,026.0)	3,464.0	2,648.0	
Pensioners' mortality	533.8	376.9	2,076.8	1,102.3	409.3	(154.4)	709.7	(950.0)	
Turnover and retirements	3,941.4	2,080.7	(276.3)	1,982.9	1,243.3	(1,614.7)	1,649.8	(2,694.5)	
New entrants	3,138.0	442.3	750.1	967.2	354.2	659.5	322.6	1,638.0	
Salary increases	(4,620.6)	(4,536.5)	1,265.9	(10,213.5)	(3,432.4)	369.8	(3,293.9)	(5,002.0)	
Method changes	(6,827.0)	0.0	0.0	0.0	0.0	0.0	(1,738.0)	1,702.3	
Amendments (COLAs)	0.0	(870.0)	0.0	(2,359.4)	1,265.0	24.1	2,383.8	5,036.8	
Assumption changes	0.0	0.0	0.0	(14,826.5)	0.0	0.0	0.0	(2,725.8)	
Lawsuit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Data changes	0.0	0.0	0.0	579.1	4,581.2	0.0	0.0	0.0	
Programming modification	4,606.4	1,648.9	0.0	0.0	0.0	0.0	0.0	0.0	
Misc. changes	1,333.8	917.5	(12,852.1)	21.3	(903.4)	3,433.5	(4,400.5)	0.0	
<b>Total</b>	<b>\$ 10,266.0</b>	<b>\$ 10,634.3</b>	<b>\$ 1,556.7</b>	<b>\$ (3,404.2)</b>	<b>\$ 9,649.6</b>	<b>\$ 3,102.3</b>	<b>\$ 2,136.4</b>	<b>\$ 1,915.5</b>	

Amount of Increase (Decrease) (in Thousands)

LRS

Interest (7.50) added to previous UAL	\$ (301.8)	\$ (302.5)	\$ (343.4)	\$ (508.5)	\$ (426.9)	\$ (432.3)	\$ (369.8)	\$ (440.1)	Not provided by actuary
Accrued liability contribution	(62.4)	33.9	107.1	(32.5)	(26.3)	(31.1)	(43.1)	43.1	
Experience:									
Valuation asset growth	513.9	829.0	906.2	1,534.0	241.7	(155.0)	289.0	208.0	
Pensioners' mortality	(29.6)	19.1	(18.7)	339.2	(2.2)	119.4	(412.7)	172.6	
Turnover and retirements	17.4	(84.3)	254.5	105.1	(429.8)	423.8	(154.7)	350.0	
New entrants	144.5	16.9	74.0	98.8	35.9	0.0	0.0	158.5	
Salary increases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Method changes	(418.0)	0.0	0.0	0.0	0.0	0.0	(142.0)	291.1	
Amendments (COLAs)	(488.1)	(549.7)	(481.8)	(465.3)	0.0	0.0	0.0	1,491.7	
Assumption changes	0.0	0.0	0.0	975.2	0.0	0.0	0.0	(1,337.6)	
Lawsuit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Data changes	0.0	0.0	0.0	114.8	0.0	0.0	0.0	0.0	
Misc. changes	71.1	46.4	46.9	41.6	47.4	147.9	0.0	0.0	
<b>Total</b>	<b>\$ (553.1)</b>	<b>\$ 8.8</b>	<b>\$ 544.9</b>	<b>\$ 2,202.4</b>	<b>\$ (560.2)</b>	<b>\$ 72.7</b>	<b>\$ (833.3)</b>	<b>\$ 937.3</b>	

2013                      2012                      2011

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

GMFF*	2013	2012	2011
Interest (7.50) added to previous UAL	\$ 1,360.8	\$ 1,354.9	1,216.1
Accrued liability contribution	(1,661.5)	(1,502.4)	(1,173.3)
Experience:			
Valuation asset growth	39.3	107.0	113.8
Pensioners' mortality	80.2	68.3	58.5
Turnover and retirements	186.4	17.9	205.4
New entrants	137.8	127.1	1,469.6
Method changes	(393.0)	0.0	0.0
Assumption changes	0.0	0.0	0.0
Expense Deficit	0.0	0.0	37.0
Misc. changes	30.6	(93.6)	(77.0)
Total	\$ (219.4)	\$ 79.2	1,850.1

\*Note: Data prior to 2011 is not available for GMFF.

SEAD-Active and SEAD-OPEB: Data is not available.

## Solvency Test Results

Dollar amounts in thousands

### ERS<sup>1</sup>

Actuarial Valuation as of 7/1	Actuarial Accrued Liability for:			Valuation Assets	Portion of Aggregate Accrued Liabilities Covered by Assets		
	Active Member Contributions	Retirants & Beneficiaries	Active Member (Employer Funded Portion)		(1)	(2)	(3)
	(1)	(2)	(3)				
2006	\$ 672,679	\$ 8,462,884	\$ 5,107,282	\$ 13,461,132	100.0%	100.0%	84.7%
2007	645,907	9,020,890	5,218,382	13,843,689	100.0%	100.0%	80.0%
2008	616,177	9,756,529	5,308,151	14,017,346	100.0%	100.0%	68.7%
2009	589,012	10,034,939	5,254,071	13,613,606	100.0%	100.0%	56.9%
2010	551,607	10,652,040	5,091,705	13,046,193	100.0%	100.0%	36.2%
2011	503,867	11,058,344	5,094,694	12,667,557	100.0%	100.0%	21.7%
2012	460,861	11,420,011	4,897,050	12,260,595	100.0%	100.0%	7.8%
2013	405,841	11,935,364	4,641,244	12,129,804	100.0%	98.2%	0.0%

### PSERS<sup>1</sup>

Actuarial Valuation as of 7/1	Actuarial Accrued Liability for:			Valuation Assets	Portion of Aggregate Accrued Liabilities Covered by Assets		
	Active Member Contributions	Retirants & Beneficiaries	Active Member (Employer Funded Portion)		(1)	(2)	(3)
	(1)	(2)	(3)				
2006	\$ 14,321	\$ 428,543	\$ 248,787	\$ 766,277	100.0%	100.0%	100.0%
2007	14,796	456,868	274,414	785,460	100.0%	100.0%	100.0%
2008	15,285	469,601	286,064	791,855	100.0%	100.0%	100.0%
2009	15,862	506,659	300,711	769,618	100.0%	100.0%	82.2%
2010	16,361	528,808	330,227	737,406	100.0%	100.0%	58.2%
2011	16,627	532,509	336,790	719,601	100.0%	100.0%	50.6%
2012	16,917	537,284	341,123	710,915	100.0%	100.0%	45.9%
2013	17,016	549,796	343,444	727,268	100.0%	100.0%	46.7%

### GJRS<sup>1</sup>

Actuarial Valuation as of 7/1	Actuarial Accrued Liability for:			Valuation Assets	Portion of Aggregate Accrued Liabilities Covered by Assets		
	Active Member Contributions	Retirants & Beneficiaries	Active Member (Employer Funded Portion)		(1)	(2)	(3)
	(1)	(2)	(3)				
2006	\$ 48,896	\$ 86,194	\$ 94,747	\$ 279,564	100.0%	100.0%	100.0%
2007	52,707	87,333	109,238	297,090	100.0%	100.0%	100.0%
2008	59,838	90,601	118,077	313,315	100.0%	100.0%	100.0%
2009	61,188	108,923	112,363	317,624	100.0%	100.0%	100.0%
2010	67,293	117,730	96,473	320,050	100.0%	100.0%	100.0%
2011	71,047	128,991	90,440	327,483	100.0%	100.0%	100.0%
2012	73,998	141,880	92,984	335,225	100.0%	100.0%	100.0%
2013	73,949	162,364	99,479	351,889	100.0%	100.0%	100.0%

## LRS<sup>1</sup>

Actuarial Valuation as of 7/1	Actuarial Accrued Liability for:			Valuation Assets	Portion of Aggregate Accrued Liabilities Covered by Assets		
	Active Member Contributions	Retirants & Beneficiaries	Active Member (Employer Funded Portion)		(1)	(2)	(3)
	(1)	(2)	(3)				
2006	\$ 2,507	\$ 18,734	\$ 2,166	\$ 29,172	100.0%	100.0%	100.0%
2007	2,484	19,847	2,026	30,049	100.0%	100.0%	100.0%
2008	2,853	19,366	2,235	30,706	100.0%	100.0%	100.0%
2009	2,908	18,465	2,150	30,303	100.0%	100.0%	100.0%
2010	3,166	19,208	2,629	29,581	100.0%	100.0%	100.0%
2011	2,921	19,759	2,564	29,278	100.0%	100.0%	100.0%
2012	3,185	19,200	2,581	28,990	100.0%	100.0%	100.0%
2013	2,951	19,623	2,330	29,481	100.0%	100.0%	100.0%

## GMPF<sup>1</sup>

Actuarial Valuation as of 7/1	Actuarial Accrued Liability for:			Valuation Assets	Portion of Aggregate Accrued Liabilities Covered by Assets		
	Active Member Contributions	Retirants & Beneficiaries	Active Member (Employer Funded Portion)		(1)	(2)	(3)
	(1)	(2)	(3)				
2006	\$ 0	\$ 6,392	\$ 11,233	\$ 3,100	n/a	48.5%	0.0%
2007	0	7,655	12,232	4,165	n/a	54.4%	0.0%
2008	0	9,449	9,675	5,269	n/a	55.8%	0.0%
2009	0	12,742	8,279	6,413	n/a	50.3%	0.0%
2010	0	14,015	9,758	7,558	n/a	53.9%	0.0%
2011	0	15,379	11,388	8,702	n/a	56.6%	0.0%
2012	0	17,518	10,713	10,087	n/a	57.6%	0.0%
2013	0	19,396	10,660	12,131	n/a	62.5%	0.0%

## SEAD-Active<sup>2</sup>

Actuarial Valuation as of 7/1	Actuarial Accrued Liability for:			Valuation Assets	Portion of Aggregate Accrued Liabilities Covered by Assets		
	Active Member Contributions	Retirants & Beneficiaries	Active Member (Employer Funded Portion)		(1)	(2)	(3)
	(1)	(2)	(3)				
2007	\$ 0	\$ 0	\$ 59,509	\$ 185,335	n/a	n/a	100.0%
2008	0	0	62,171	172,595	n/a	n/a	100.0%
2009	0	0	61,351	144,161	n/a	n/a	100.0%
2010	0	0	40,523	156,132	n/a	n/a	100.0%
2011	0	0	40,145	184,783	n/a	n/a	100.0%
2012	0	0	39,317	183,390	n/a	n/a	100.0%
2013	0	0	37,512	204,779	n/a	n/a	100.0%

SEAD-OPEB <sup>2</sup>

Actuarial Valuation as of 7/1	Actuarial Accrued Liability for:			Valuation Assets	Portion of Aggregate Accrued Liabilities Covered by Assets		
	Active Member Contributions	Retirants & Beneficiaries	Active Member (Employer Funded Portion)		(1)	(2)	(3)
	(1)	(2)	(3)				
2007	\$ 0	\$ 436,530	\$ 206,001	\$ 778,048	N/A	100.0%	100.0%
2008	0	486,569	213,315	737,114	N/A	100.0%	100.0%
2009	0	524,718	208,953	628,199	N/A	100.0%	49.5%
2010	0	516,633	174,368	680,449	N/A	100.0%	93.9%
2011	0	503,327	175,093	807,893	N/A	100.0%	100.0%
2012	0	528,165	176,452	818,284	N/A	100.0%	100.0%
2013	0	586,228	168,558	907,831	N/A	100.0%	100.0%

<sup>1</sup> Data prior to 2006 is not available for Defined Benefit Pension Plans.

<sup>2</sup> SEAD-Active and SEAD-OPEB began in 2007.



# Statistical Section



## **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 was the first year ERSGA added this information in their Annual Financial Report. Therefore, historical detail may not be complete for some schedules. Statistical information is not presented for SCJRF and DARF as both plans are immaterial, have no active members, and are closed to new members.

## **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
- Changes in Fiduciary Net Position

## **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

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>ERS</b>										
Employee Contributions	\$ 49,973	50,963	49,250	48,324	43,978	42,052	39,480	36,561	38,955	32,423
Employer Contributions	243,074	258,482	270,141	286,256	281,206	263,064	261,132	274,034	358,992	418,807
Nonemployer Contributions	—	—	—	—	—	—	—	—	—	10,945
Net Investment Income (Loss)	930,287	774,724	1,869,113	(482,679)	(1,726,302)	1,176,741	2,269,270	231,782	1,495,849	2,021,748
Other	—	—	90,333	—	—	—	—	—	—	—
Total Additions to (Deductions from) Fiduciary Net Position	\$ 1,223,334	1,084,169	2,278,837	(148,099)	(1,401,118)	1,481,857	2,569,882	542,377	1,893,796	2,483,923
<b>PSERS</b>										
Employee Contributions	\$ 1,352	1,380	1,420	1,451	1,472	1,483	1,451	1,426	1,538	1,659
Employer Contributions	840	3,638	6,490	2,869	5,096	5,530	7,509	15,884	24,829	—
Nonemployer Contributions	—	—	—	—	—	—	—	—	—	27,160
Net Investment Income (Loss)	53,970	44,561	106,833	(27,052)	(97,156)	66,404	128,096	13,554	88,067	123,799
Other	588	588	588	588	588	—	—	—	—	—
Total Additions to (Deductions from) Fiduciary Net Position	\$ 56,750	50,167	115,331	(22,144)	(90,000)	73,417	137,056	30,864	114,434	152,618
<b>GJRS</b>										
Employee Contributions	\$ 4,779	4,221	4,040	4,698	4,612	5,018	4,721	4,904	4,408	4,731
Employer Contributions	1,826	1,683	1,778	2,395	1,703	3,369	1,163	2,083	2,279	1,373
Nonemployer Contributions	—	—	—	—	—	—	—	—	—	1,002
Net Investment Income (Loss)	18,422	15,665	39,324	(10,702)	(38,164)	27,378	57,330	6,571	42,104	60,012
Other	175	175	175	175	175	175	—	—	—	—
Total Additions to (Deductions from) Fiduciary Net Position	\$ 25,202	21,744	45,317	(3,434)	(31,674)	35,940	63,214	13,558	48,791	67,118
<b>LRS</b>										
Employee Contributions	\$ 302	324	320	320	320	318	320	323	373	282
Employer Contributions	54	54	62	73	71	75	75	76	128	45
Nonemployer Contributions	—	—	—	—	—	—	—	—	—	—
Net Investment Income (Loss)	2,034	1,684	4,072	(1,051)	(3,772)	2,610	5,194	550	3,573	4,969
Other	110	110	110	110	110	110	—	—	—	—
Total Additions to (Deductions from) Fiduciary Net Position	\$ 2,500	2,172	4,564	(548)	(3,271)	3,113	5,589	949	4,074	5,296

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>GMFP</b>										
Employee Contributions	\$ —	—	—	—	—	—	—	—	—	—
Employer Contributions	891	891	1,005	1,103	1,323	1,434	1,282	1,521	1,703	1,892
Nonemployer Contributions	—	—	—	—	—	—	—	—	—	—
Net Investment Income (Loss)	103	131	503	(191)	(657)	565	1,465	221	1,374	2,179
Other	—	—	—	—	—	—	—	—	—	—
Total Additions to (Deductions from) Fiduciary Net Position	\$ 994	1,022	1,508	912	666	1,999	2,747	1,742	3,077	4,071
<b>SEAD - Active*</b>										
Employee Contributions	\$ —	—	—	—	—	—	—	—	—	—
Employer Contributions	—	—	—	—	—	—	—	—	—	—
Insurance Premiums	—	—	—	864	880	900	847	771	699	607
Net Investment Income (Loss)	—	—	—	(6,321)	(22,656)	15,910	33,023	3,876	24,274	35,073
Other	—	—	—	—	—	—	—	—	—	—
Total Additions to (Deductions from) Fiduciary Net Position	\$ —	—	—	(5,457)	(21,776)	16,810	33,870	4,647	24,973	35,680
<b>SEAD - OPEB*</b>										
Employee Contributions	\$ —	—	—	—	—	—	—	—	—	—
Employer Contributions	—	—	—	—	—	—	—	—	—	—
Insurance Premiums	—	—	—	7,756	7,551	6,755	6,437	5,532	5,075	4,502
Net Investment Income (Loss)	—	—	—	(27,032)	(96,424)	69,340	144,270	17,193	108,148	154,868
Other	—	—	—	—	—	—	—	—	—	—
Total Additions to (Deductions from) Fiduciary Net Position	\$ —	—	—	(19,276)	(88,873)	76,095	150,707	22,725	113,223	159,370

\*Plans began in 2008.

## Deductions by Type (in thousands)

ERS Benefit Payments									
Fiscal Year	Service	Partial Lump-Sum Option	Disability	Survivor Benefits	Total Benefit Payments	Net Administrative Expenses	Refunds	Total Deductions from Fiduciary Net Position	
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	
2011	921,136	30,946	140,849	75,891	1,168,822	14,431	7,515	1,190,768	
2012	964,485	31,963	143,317	76,973	1,216,738	12,051	7,767	1,236,556	
2013	1,007,816	35,933	145,152	80,300	1,269,201	12,889	7,390	1,289,480	
2014	1,051,993	24,567	146,245	83,193	1,305,998	7,440	8,757	1,322,195	

PSERS Benefit Payments								
Fiscal Year	Service	Disability	Survivor Benefits	Total Benefit Payments	Net Administrative Expenses	Refunds	Total Deductions from Fiduciary Net Position	
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	
2011	46,548	5,369	2,063	53,980	2,046	267	56,293	
2012	46,911	5,369	1,903	54,183	2,040	349	56,572	
2013	47,805	5,328	1,908	55,041	2,021	492	57,554	
2014	48,911	5,280	1,998	56,189	1,450	514	58,153	

GJRS Benefit Payments							
Fiscal Year	Service	Disability	Survivor Benefits	Total Benefit Payments	Net Administrative Expenses	Refunds	Total Deductions from Fiduciary Net Position
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
2011	11,245	112	1,654	13,011	290	260	13,561
2012	12,608	113	1,695	14,416	310	146	14,872
2013	14,273	112	1,865	16,250	313	105	16,668
2014	15,305	112	2,024	17,441	754	22	18,217

LRS		Benefit Payments					Total Deductions from Fiduciary Net Position
Fiscal Year	Service	Survivor Benefits	Total Benefit Payments	Net Administrative Expenses	Refunds		
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	
2011	1,309	452	1,761	131	60	1,952	
2012	1,364	446	1,810	110	74	1,994	
2013	1,376	448	1,824	119	88	2,031	
2014	1,336	465	1,801	152	30	1,983	

GMPF		Benefit Payments			Total Deductions from Fiduciary Net Position
Fiscal Year	Service*	Total Benefit Payments	Net Administrative Expenses		
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	
2011	579	579	37	616	
2012	678	678	34	712	
2013	772	772	31	803	
2014	841	841	110	951	

\*The only type of retirement in GMPF is a service retirement.

SEAD-Active†		Benefit Payments			Total Deductions from Fiduciary Net Position
Fiscal Year	Death Benefits**	Total Benefit Payments	Net Administrative Expenses		
2005	\$ -	\$ -	-	\$ -	
2006	-	-	-	-	
2007	-	-	-	-	
2008	7,261	7,261	22	7,283	
2009	6,636	6,636	22	6,658	
2010	4,817	4,817	22	4,839	
2011	5,197	5,197	22	5,219	
2012	6,018	6,018	22	6,040	
2013	3,562	3,562	22	3,584	
2014	5,055	5,055	46	5,101	

\*\*The only type of benefit in SEAD-Active is a death benefit.

† Plan began in 2008.

SEAD-OPEB†		Benefit Payments			Total Deductions from Fiduciary Net Position
Fiscal Year	Death Benefits**	Total Benefit Payments	Net Administrative Expenses		
2005	\$ -	-	-	-	\$ -
2006	-	-	-	-	-
2007	-	-	-	-	-
2008	21,455	21,455	203		21,658
2009	19,839	19,839	203		20,042
2010	23,642	23,642	203		23,845
2011	23,060	23,060	203		23,263
2012	24,855	24,855	203		25,058
2013	28,482	28,482	203		28,685
2014	28,891	28,891	414		29,305

\*\*The only type of benefit in SEAD-OPEB is a death benefit.

† Plan began in 2008.

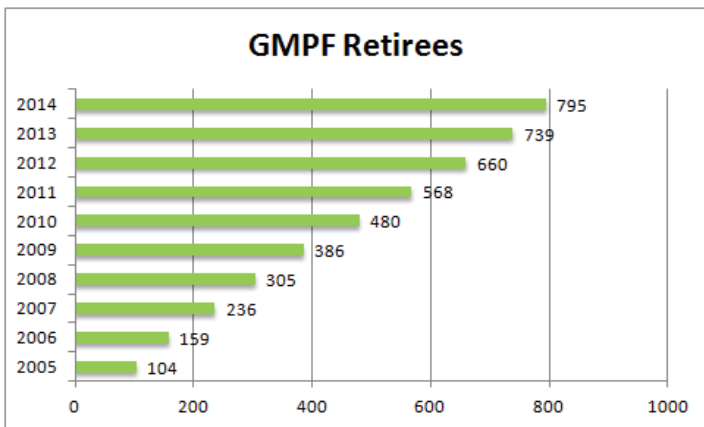
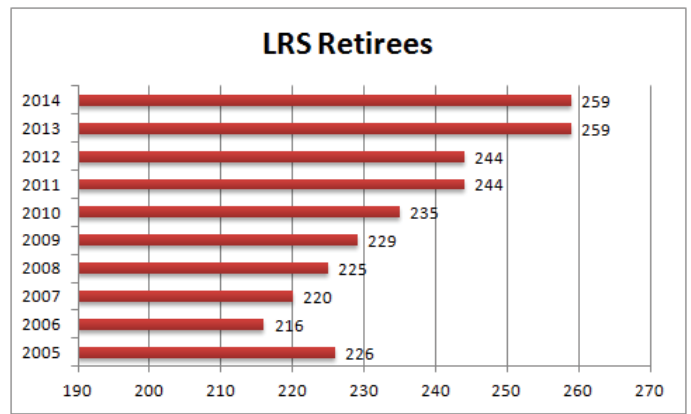
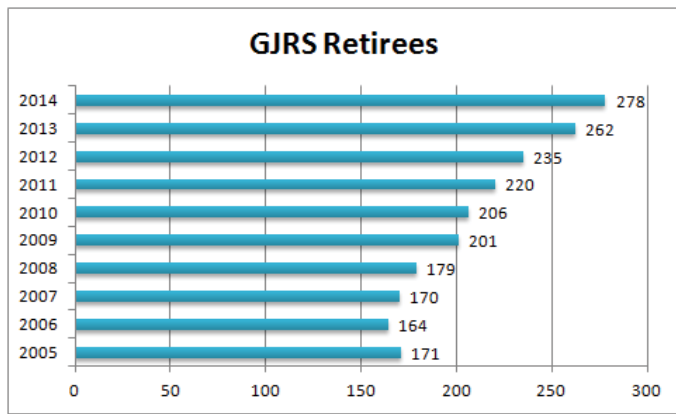
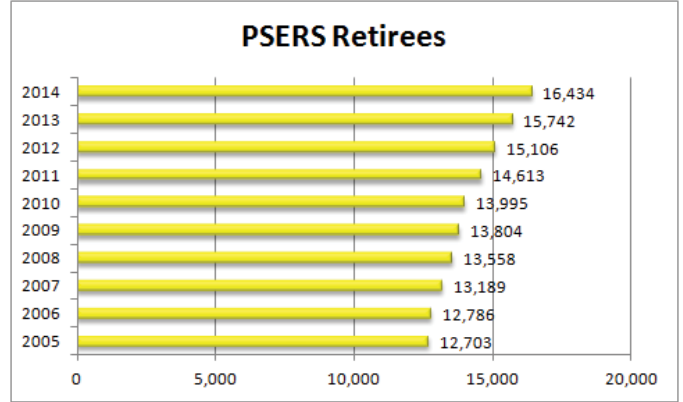
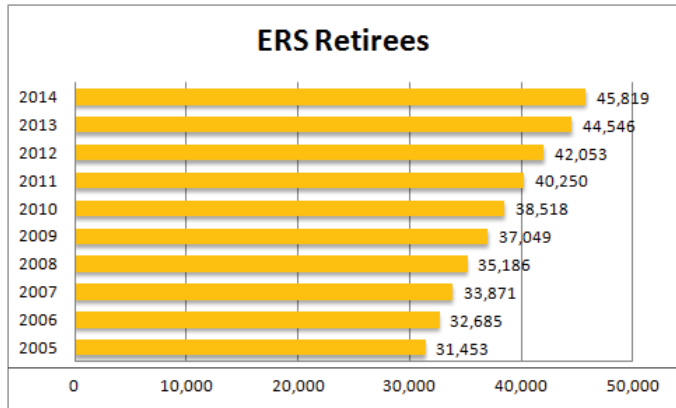
## Changes in Fiduciary Net Position (in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>ERS</b>										
Total Additions	\$ 1,223,334	1,084,169	2,278,837	(148,099)	(1,401,118)	1,481,857	2,569,882	542,377	1,893,796	2,483,923
Total Deductions	794,560	875,434	950,251	1,046,570	1,140,564	1,151,657	1,190,768	1,236,556	1,289,480	1,322,195
Transfer In (Out)	—	—	—	—	—	—	—	(12,724)	(5,009)	—
Changes in Fiduciary Net Position	428,774	208,735	1,328,586	(1,194,669)	(2,541,682)	330,200	1,379,114	(706,903)	599,307	1,161,728
<b>PSERS</b>										
Total Additions	56,750	50,167	115,331	(22,144)	(90,000)	73,417	137,056	30,864	114,434	152,618
Total Deductions	41,891	44,408	47,371	49,141	53,046	55,402	56,293	56,572	57,554	58,153
Transfer In (Out)	—	—	—	—	—	—	—	—	—	—
Changes in Fiduciary Net Position	14,859	5,759	67,960	(71,285)	(143,046)	18,015	80,763	(25,708)	56,880	94,465
<b>GJRS</b>										
Total Additions	25,202	21,744	45,317	(3,434)	(31,674)	35,940	63,214	13,558	48,791	67,118
Total Deductions	8,240	9,456	9,550	10,056	11,549	12,774	13,561	14,872	16,668	18,217
Transfer In (Out)	—	—	—	—	—	—	—	—	—	—
Changes in Fiduciary Net Position	16,962	12,288	35,767	(13,490)	(43,223)	23,166	49,653	(1,314)	32,123	48,901
<b>LRS</b>										
Total Additions	2,500	2,172	4,564	(548)	(3,271)	3,113	5,589	949	4,074	5,296
Total Deductions	1,732	1,719	1,731	1,809	1,849	1,911	1,952	1,994	2,031	1,983
Transfer In (Out)	—	—	—	—	—	—	—	—	—	—
Changes in Fiduciary Net Position	768	453	2,833	(2,357)	(5,120)	1,202	3,637	(1,045)	2,043	3,313
<b>GMPF</b>										
Total Additions	994	1,022	1,508	912	666	1,999	2,747	1,742	3,077	4,071
Total Deductions	93	150	225	303	382	532	616	712	803	951
Transfer In (Out)	—	—	—	—	—	—	—	—	—	—
Changes in Fiduciary Net Position	901	872	1,283	609	284	1,467	2,131	1,030	2,274	3,120
<b>SEAD - Active*</b>										
Total Additions	—	—	—	(5,457)	(21,776)	16,810	33,870	4,647	24,973	35,680
Total Deductions	—	—	—	7,283	6,658	4,839	5,219	6,040	3,584	5,101
Transfer In (Out)	—	—	—	—	—	—	—	—	—	—
Changes in Fiduciary Net Position	—	—	—	(12,740)	(28,434)	11,971	28,651	(1,393)	21,389	30,579
<b>SEAD - OPEB*</b>										
Total Additions	—	—	—	(19,276)	(88,873)	76,095	150,707	22,725	113,223	159,370
Total Deductions	—	—	—	21,658	20,042	23,845	23,263	25,058	28,685	29,305
Transfer In (Out)	—	—	—	—	—	—	—	12,724	5,009	5
Changes in Fiduciary Net Position	—	—	—	(40,934)	(108,915)	52,250	127,444	10,391	89,547	130,070

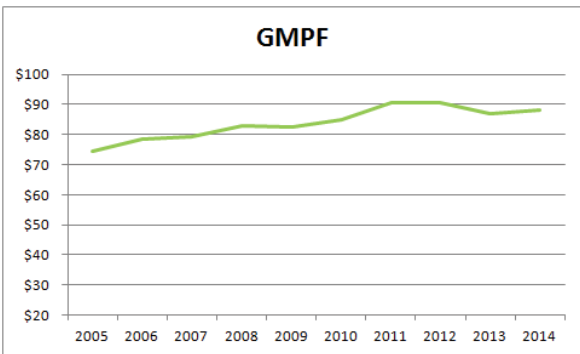
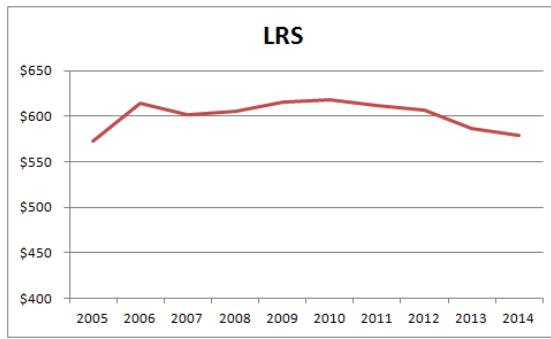
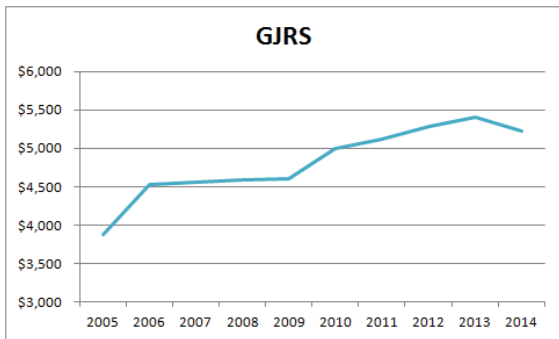
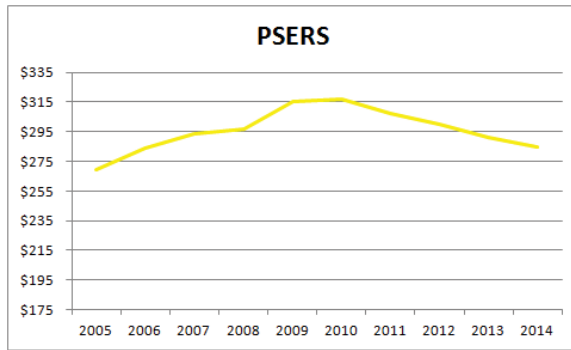
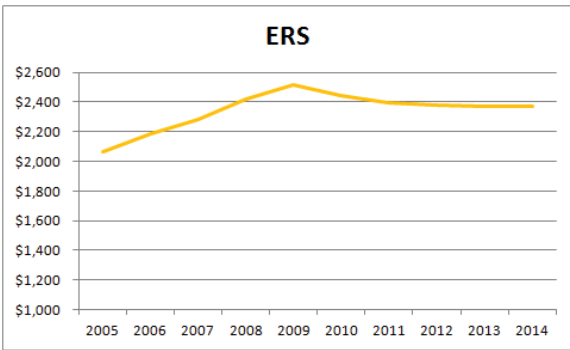
\* Plans began in 2008.



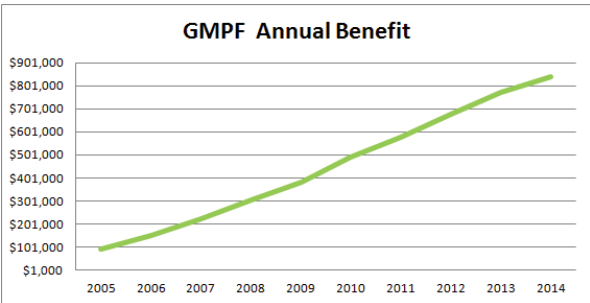
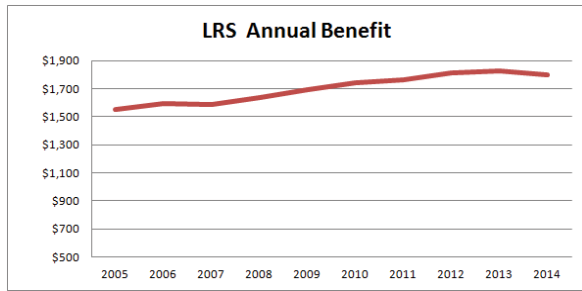
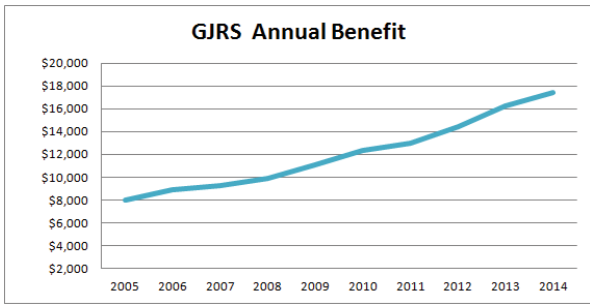
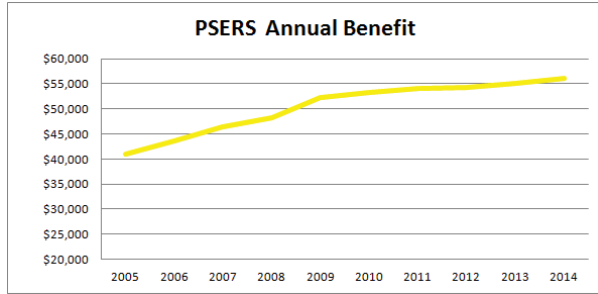
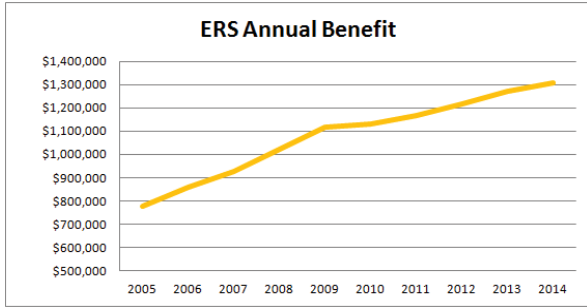
Number of Retirees



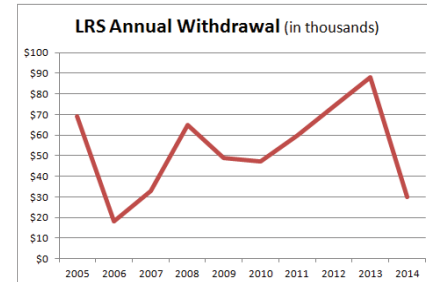
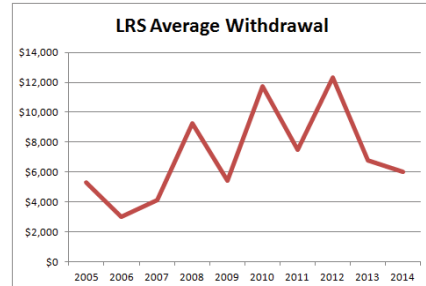
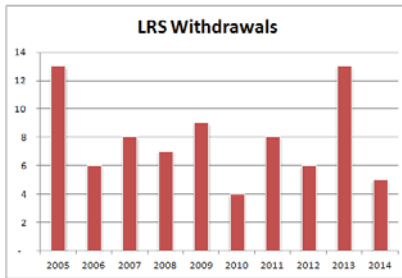
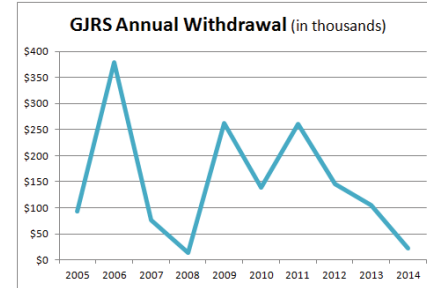
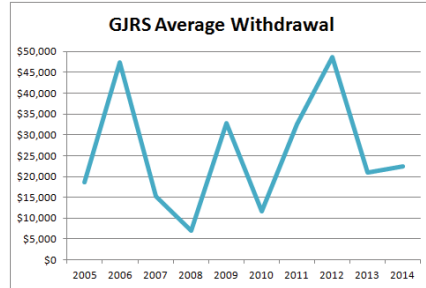
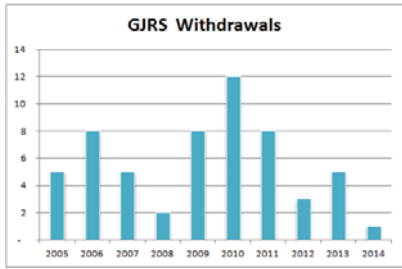
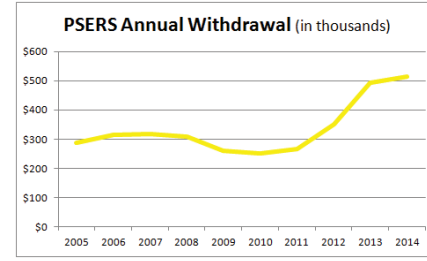
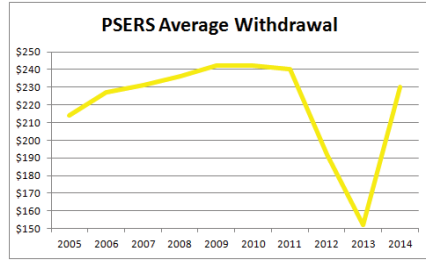
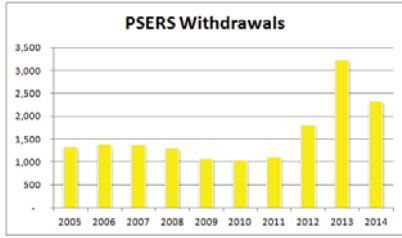
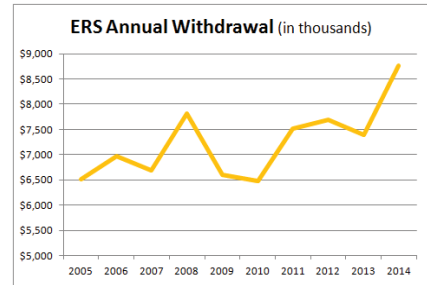
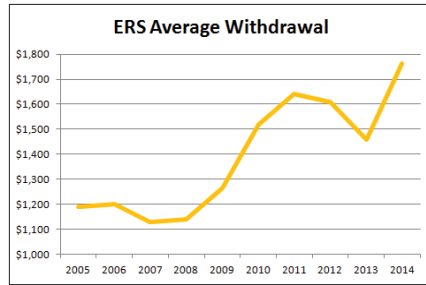
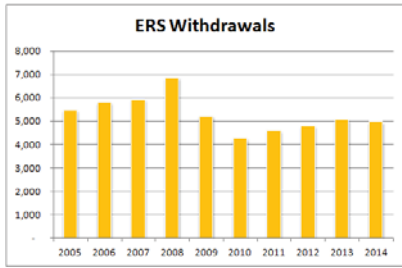
Average Monthly Payments to Retirees



Annual Benefit (in thousands)



Withdrawal Statistics



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

## Average Monthly Benefit Payment for New Retirees - ERS

	Years of Credited Service					Total
	10-15	16-20	21-25	26-30	Over 30	
<b>2005</b>						
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
<b>2006</b>						
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
<b>2007</b>						
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
<b>2008</b>						
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
<b>2009</b>						
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
<b>2010</b>						
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
<b>2011</b>						
Average Monthly Benefit	\$734.74	\$1,107.16	\$1,504.51	\$1,995.24	\$3,575.54	\$2,143.95
Average Final Average Salary	\$3,228.07	\$3,205.88	\$3,478.73	\$3,762.88	\$4,532.07	\$3,825.88
Number of Retirees	437	322	389	461	885	2,494
<b>2012</b>						
Average Monthly Benefit	\$729.60	\$1,247.16	\$1,624.82	\$2,125.35	\$3,708.26	\$2,109.84
Average Final Average Salary	\$3,040.00	\$3,275.37	\$3,388.85	\$3,807.26	\$4,702.47	\$3,775.94
Number of Retirees	518	385	414	486	776	2,578
<b>2013</b>						
Average Monthly Benefit	\$836.73	\$1,183.19	\$1,650.14	\$2,120.33	\$3,487.96	\$2,088.46
Average Final Average Salary	\$3,391.36	\$3,339.84	\$3,411.24	\$3,765.16	\$4,659.17	\$3,855.98
Number of Retirees	684	453	466	780	1,033	3,416
<b>2014</b>						
Average Monthly Benefit	\$770.41	\$1,229.79	\$1,518.77	\$2,060.46	\$3,239.79	\$1,873.22
Average Final Average Salary	\$3,319.05	\$3,336.74	\$3,258.94	\$3,717.87	\$4,484.41	\$3,702.67
Number of Retirees	475	305	309	476	542	2,107

Average Monthly Benefit Payment for New Retirees - PSERS

	Years of Credited Service					Total
	10-15	16-20	21-25	26-30	Over 30	
<b>2005</b>						
Average Monthly Benefit	\$140.98	\$203.00	\$269.23	\$325.73	\$422.95	\$229.90
Number of Retirees	322	197	131	113	93	856
<b>2006</b>						
Average Monthly Benefit	\$137.90	\$206.87	\$265.04	\$324.20	\$413.20	\$226.26
Number of Retirees	347	206	127	84	115	879
<b>2007</b>						
Average Monthly Benefit	\$143.42	\$208.47	\$265.12	\$331.55	\$426.70	\$229.16
Number of Retirees	323	174	106	89	93	785
<b>2008</b>						
Average Monthly Benefit	\$149.91	\$219.81	\$279.58	\$349.05	\$439.31	\$238.04
Number of Retirees	362	199	116	99	98	874
<b>2009</b>						
Average Monthly Benefit	\$156.52	\$224.92	\$289.93	\$357.58	\$460.04	\$242.89
Number of Retirees	391	200	157	91	90	929
<b>2010</b>						
Average Monthly Benefit	\$157.66	\$224.92	\$300.93	\$359.24	\$464.07	\$243.41
Number of Retirees	448	200	162	76	105	1001
<b>2011</b>						
Average Monthly Benefit	\$158.67	\$227.68	\$297.01	\$374.01	\$479.42	\$245.04
Number of Retirees	463	200	126	79	114	982
<b>2012</b>						
Average Monthly Benefit	\$159.25	\$236.46	\$303.66	\$362.36	\$476.51	\$238.59
Number of Retirees	480	182	136	74	87	958
<b>2013</b>						
Average Monthly Benefit	\$159.34	\$232.10	\$300.66	\$360.75	\$478.49	\$245.72
Number of Retirees	580	255	175	113	133	1,256
<b>2014</b>						
Average Monthly Benefit	\$155.47	\$227.56	\$293.83	\$352.25	\$436.25	\$232.98
Number of Retirees	566	246	139	107	118	1,176

Note: PSERS is not a final average pay plan.

Average Monthly Benefit Payment for New Retirees - GJRS

	Years of Credited Service					Total
	10-15	16-20	21-25	26-30	Over 30	
<b>2005</b>						
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
<b>2006</b>						
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
<b>2007</b>						
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
<b>2008</b>						
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
<b>2009</b>						
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
<b>2010</b>						
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
<b>2011</b>						
Average Monthly Benefit	\$4,632.24	\$10,170.24	\$9,799.81	\$8,428.40	0	\$7,614.02
Average Final Average Salary	\$9,211.23	\$14,910.13	\$13,052.66	\$11,264.63	0	\$11,505.85
Number of Retirees	4	2	2	3	0	11
<b>2012</b>						
Average Monthly Benefit	\$4,204.95	\$6,610.26	\$7,565.84	\$8,791.96	\$7,831.84	\$6,915.64
Average Final Average Salary	\$7,788.39	\$9,887.17	\$10,361.29	\$11,714.95	\$10,490.01	\$10,035.77
Number of Retirees	5	4	4	7	1	20
<b>2013</b>						
Average Monthly Benefit	\$5,179.20	\$5,844.29	\$6,170.52	\$7,954.14	\$6,169.77	\$6,132.24
Average Final Average Salary	\$9,271.48	\$8,344.35	\$8,370.72	\$10,624.52	\$8,864.27	\$9,010.27
Number of Retirees	8	7	7	5	7	34
<b>2014</b>						
Average Monthly Benefit	\$2,989.92	\$4,468.12	\$6,496.50	0	\$2,703.82	\$4,470.15
Average Final Average Salary	\$6,265.39	\$7,772.95	\$8,998.48	0	\$4,289.57	\$7,166.46
Number of Retirees	6	2	7	0	3	18

Average Monthly Benefit Payment for New Retirees - LRS

	Years of Credited Service					Total
	8 - 14	15 - 19	20 - 24	25 - 29	30 & over	
<b>2005</b>						
Average Monthly Benefit	\$358.41	\$456.84	0	0	\$981.11	\$598.79
Number of Retirees	9	2	0	0	8	19
<b>2006</b>						
Average Monthly Benefit	\$355.63	\$517.30	0	0	0	\$436.47
Number of Retirees	3	3	0	0	0	6
<b>2007</b>						
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
<b>2008</b>						
Average Monthly Benefit	\$324.74	\$604.63	\$698.86	0	0	\$542.74
Number of Retirees	4	4	2	0	0	10
<b>2009</b>						
Average Monthly Benefit	\$425.39	\$650.99	0	\$921.00	\$1,203.00	\$800.10
Number of Retirees	2	1	0	2	3	8
<b>2010</b>						
Average Monthly Benefit	\$372.93	\$558.00	0	0	0	\$465.47
Number of Retirees	8	1	0	0	0	9
<b>2011</b>						
Average Monthly Benefit	\$341.79	\$589.12	0	\$843.26	\$934.73	\$456.99
Number of Retirees	12	1	0	2	1	16
<b>2012</b>						
Average Monthly Benefit	\$363.66	\$549.08	0	0	\$1,286.43	\$548.46
Number of Retirees	4	2	0	0	1	7
<b>2013</b>						
Average Monthly Benefit	\$308.15	\$568.93	\$670.94	0	\$1,166.93	\$497.03
Number of Retirees	14	4	2	0	3	23
<b>2014</b>						
Average Monthly Benefit	\$289.25	\$480.21	0	0	0	\$336.99
Number of Retirees	3	1	0	0	0	4

Note: LRS is not a final average pay plan.



Average Monthly Benefit Payment for New Retirees - GMPF

	Years of Credited Service			Total
	20-25	26 - 30	Over 30	
<b>2005</b>				
Average Monthly Benefit	\$54.00	\$83.57	\$100.00	\$91.37
Number of Retirees	5	7	28	40
<b>2006</b>				
Average Monthly Benefit	\$61.25	\$85.00	\$100.00	\$94.26
Number of Retirees	4	13	44	61
<b>2007</b>				
Average Monthly Benefit	\$60.83	\$83.46	\$100.00	\$93.84
Number of Retirees	6	13	54	73
<b>2008</b>				
Average Monthly Benefit	\$55.63	\$83.61	\$100.00	\$91.10
Number of Retirees	8	18	47	73
<b>2009</b>				
Average Monthly Benefit	\$59.50	\$87.63	\$100.00	\$88.64
Number of Retirees	20	19	53	92
<b>2010</b>				
Average Monthly Benefit	\$63.82	\$85.83	\$100.00	\$90.44
Number of Retirees	17	18	56	91
<b>2011</b>				
Average Monthly Benefit	\$63.16	\$91.47	\$100.00	\$90.40
Number of Retirees	19	17	52	88
<b>2012</b>				
Average Monthly Benefit	\$61.54	\$90.33	\$100.00	\$92.83
Number of Retirees	13	15	63	90
<b>2013</b>				
Average Monthly Benefit	\$59.44	\$89.55	\$100.00	\$88.29
Number of Retirees	18	22	42	82
<b>2014</b>				
Average Monthly Benefit	\$61.11	\$90.53	\$100.00	\$91.02
Number of Retirees	9	19	31	59

Note: GMPF is not a final average pay plan.

Retired Members by Retirement Type

ERS

June 30, 2014

Amount of Monthly Benefit	Retirement Type		
	Service	Disability	Survivor
\$ 1 - 500	3,354	257	320
501 - 1,000	7,064	969	326
1,001 - 1,500	5,568	1,107	230
1,501 - 2,000	4,337	899	148
2,001 - 2,500	3,396	742	109
2,501 - 3,000	2,887	601	74
3,001 - 3,500	2,442	429	49
3,501 - 4,000	2,147	328	43
4,001 - 4,500	1,736	229	22
4,501 - 5,000	1,568	188	12
over 5,000	3,932	280	26
<b>Totals</b>	<b>38,431</b>	<b>6,029</b>	<b>1,359</b>

PSERS

June 30, 2014

Amount of Monthly Benefit	Retirement Type		
	Service	Disability	Survivor
\$ 1 - 100	83	3	203
101 - 200	5,034	34	137
201 - 300	4,363	265	45
301 - 400	2,543	417	6
401 - 500	1,616	309	1
over 500	1,187	188	-
<b>Totals</b>	<b>14,826</b>	<b>1,216</b>	<b>392</b>

Retired Members by Retirement Type

**GJRS**

June 30, 2014

Amount of Monthly Benefit	Retirement Type		
	Service	Disability	Survivor
\$ 1 - 1,000	15	-	-
1,001 - 2,000	21	-	6
2,001 - 3,000	20	-	1
3,001 - 4,000	31	-	1
4,001 - 5,000	23	2	1
5,001 - 6,000	20	-	-
6,001 - 7,000	25	-	-
7,001 - 8,000	83	-	-
over 8,000	29	-	-
<b>Totals</b>	<b>267</b>	<b>2</b>	<b>9</b>

**LRS**

June 30, 2014

Amount of Monthly Benefit	Retirement Type		
	Service	Disability	Survivor
\$ 1 - 250	21	-	-
251 - 500	105	-	3
501 - 750	68	-	-
751 - 1,000	36	-	1
over 1,000	25	-	-
<b>Totals</b>	<b>255</b>	<b>0</b>	<b>4</b>

**GMPF**

June 30, 2014

Amount of Monthly Benefit	Retirement Type
	Service
\$ 1 - 49	-
50 - 100	795
over 100	-
<b>Totals</b>	<b>795</b>

## Retired Members by Optional Form of Benefit

### ERS

June 30, 2014

Amount of Monthly Benefit	Form of Benefit						
	Maximum Plan	Option 1	Option 2	Option 3	Option 4	Option 5A	Option 5B
\$ 1 - 500	1,293	358	1,210	415	488	113	54
501 - 1,000	3,889	1,075	1,705	597	641	277	175
1,001 - 1,500	3,093	967	1,175	601	567	298	204
1,501 - 2,000	2,341	884	753	521	443	207	235
2,001 - 2,500	1,788	653	530	433	447	189	207
2,501 - 3,000	1,470	522	405	324	557	108	176
3,001 - 3,500	1,060	385	278	324	627	106	140
3,501 - 4,000	832	267	242	235	709	93	140
4,001 - 4,500	604	197	163	194	679	38	112
4,501 - 5,000	495	120	134	186	709	43	81
over 5,000	901	277	277	460	2,089	76	158
<b>Totals</b>	<b>17,766</b>	<b>5,705</b>	<b>6,872</b>	<b>4,290</b>	<b>7,956</b>	<b>1,548</b>	<b>1,682</b>

- Maximum Plan** Single life annuity
- Option 1** Reduced single life annuity with a guarantee of the remainder of the annuity savings fund account (contributions and interest), if any, to be paid upon the retiree's death
- Option 2** 100% joint and survivor annuity with a popup option upon divorce
- Option 3** 50% joint and survivor annuity with a popup option upon divorce
- Option 4** Various options, including a specified monthly amount payable to a beneficiary upon the retiree's death, several period certain annuities of varying length, and a five-year accelerated benefit
- Option 5A** 100% joint and survivor annuity with a popup option upon divorce or the death of the beneficiary before the retiree
- Option 5B** 50% joint and survivor annuity with a popup option upon divorce or the death of the beneficiary before the retiree

Retired Members by Optional Form of Benefit

PSERS

June 30, 2014

Amount of Monthly Benefit	Form of Benefit					
	Maximum Plan	Option AA	Option AB	Option AC	Option AD	Option B
\$ 1 - 100	0	45	217	9	6	12
101 - 200	3,853	789	282	9	44	228
201 - 300	3,951	415	148	5	23	131
301 - 400	2,636	205	49	9	8	59
401 - 500	1,775	91	32	3	0	25
over 500	1,299	40	14	6	0	16
<b>Totals</b>	<b>13,514</b>	<b>1,585</b>	<b>742</b>	<b>41</b>	<b>81</b>	<b>471</b>

- Maximum Plan** Single life annuity
- Option AA** 100% joint and survivor annuity
- Option AB** 50% joint and survivor annuity
- Option AC** Joint and survivor annuity with a specified monthly amount payable to a beneficiary
- Option AD** Joint and survivor annuity with the amount payable to a beneficiary limited by the age difference between the retiree and the beneficiary
- Option B** Annuity for a guaranteed period of time (5, 10,15, or 20 years). If retiree outlives guarantee period, there is no benefit due after retiree's death

## Retired Members by Optional Form of Benefit

### GJRS

June 30, 2014

Amount of Monthly Benefit	Form of Benefit	
	Maximum Plan	Spousal Coverage
\$ 1 - 1,000	0	15
1,001 - 2,000	2	25
2,001 - 3,000	0	21
3,001 - 4,000	2	30
4,001 - 5,000	6	19
5,001 - 6,000	6	14
6,001 - 7,000	4	21
7,001 - 8,000	15	69
over 8,000	5	24
<b>Totals</b>	<b>40</b>	<b>238</b>

**Maximum Plan** Single life annuity

**Spousal Coverage** Indicates the member elected at enrollment that a survivor annuity be paid to a surviving spouse

### LRS

June 30, 2014

Amount of Monthly Benefit	Form of Benefit		
	Maximum Plan	Option B1	Option B2
\$ 1 - 250	0	17	4
251 - 500	40	59	9
501 - 750	36	20	12
751 - 1,000	9	23	5
over 1,000	8	13	4
<b>Totals</b>	<b>93</b>	<b>132</b>	<b>34</b>

**Maximum Plan** Single life annuity

**Option B1** 100% joint and survivor annuity

**Option B2** 50% joint and survivor annuity

### GMPF and SEAD-Active and SEAD-OPEB

June 30, 2014

The GMPF Plan provides a benefit only in one form, a life annuity. All 795 current retirees, therefore, have this same form of benefit. The SEAD-Active and SEAD-OPEB plans provide only a lump sum death benefit to a member's beneficiary(ies).

Top Participatory Employers FY10

	Member Count	% of total plan
<b>ERS</b>		
Department of Corrections	12,527	18.2%
Department of Behavioral 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 Human Resources	1,942	2.8%
Department of Driver Services	1,674	2.4%
Department of Community Health	1,351	2.0%
Department of Revenue	1,154	1.7%
Total Top Employers	39,988	58.3%
Total ERS Member Count	68,567	
<b>PSERS</b>		
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	
<b>GJRS</b>		
Council of Superior Court Judges	203	41.0%
Council of State Court Judges	108	21.8%
Prosecuting Attorney's Council	96	19.4%
Council of Juvenile Judges	71	14.4%
Total Top Employers	478	96.6%
Total GJRS Member Count	495	

Data from 9 years prior is unavailable. FY10 data is the first available.

Top Participatory Employers FY14

	Member Count	% of total plan
<b>ERS</b>		
Department of Corrections	11,735	19.40%
Department of Behavioral Health and Developmental Disability	4,549	7.52%
Department of Transportation	4,088	6.76%
Department of Juvenile Justice	3,586	5.93%
Department of Human Services	3,213	5.31%
Department of Public Safety	1,773	2.93%
Department of Natural Resources	1,652	2.73%
Department of Labor	1,463	2.42%
Department of Revenue	969	1.60%
Department of Public Health	933	1.54%
Total Top Employers	33,961	56.14%
Total ERS Member Count	60,490	
<b>PSERS</b>		
Gwinnett County Schools	3,683	10.20%
Cobb County Schools	2,435	6.74%
Dekalb County Schools	2,139	5.92%
Clayton County Schools	1,175	3.25%
Muscogee County Schools	827	2.29%
Forsyth County Schools	820	2.27%
Richmond County Schools	798	2.21%
Houston County Schools	758	2.10%
Paulding County Schools	671	1.86%
Cherokee County Schools	670	1.86%
Total Top Employers	13,976	38.71%
Total PSERS Member Count	36,109	
<b>GJRS</b>		
Council of Superior Courts	209	40.66%
Council of State Court Judges	121	23.54%
Prosecuting Attorney's Council	96	18.68%
Council of Juvenile Courts	72	14.01%
Total Top Employers	498	96.89%
Total GJRS Member Count	514	
<b>SEAD-Active and SEAD-OPEB</b>		
Department of Corrections	6,787	17.53%
Department of Transportation	3,451	8.91%
Department of Behavioral Health and Developmental Disability	2,309	5.96%
Department of Labor	2,049	5.29%
Department of Juvenile Justice	1,823	4.71%
Department of Natural Resources	1,312	3.39%
Department of Human Services	1,254	3.24%
Department of Public Safety	1,190	3.07%
Department of Revenue	580	1.50%
Department of Public Health	533	1.38%
Total Top Employers	21,288	54.99%
Total Active Member Count	38,711	



Statistical Data at June 30, 2014

System	Net Position	Employer Contributions	Employee Contributions	Active Members	Retirees	Annual Payment	Average Monthly Benefit
ERS	\$ 13.3 billion	Old Plan: 13.71% New Plan: 18.46% GSEPS: 15.18% (\$430 mil)	Old Plan: 6% (with 4.75% pickup) New Plan: 1.25% GSEPS: 1.25% (\$32.4 mil)	Old Plan: (10%) 382 New Plan: (69%) 38,244 GSEPS: (30%) 21,864 Total: 60,490	Total: 45,819 Service: 34,451 Beneficiary: 5,389 Disability: 5,279 Inv. Sep.: 558 Law. Enf.: 142	\$1.3 billion	\$2,375
PSERS	\$ 822 million	\$27.2 million	\$90 yr after 7/1/12 \$36 yr before 7/1/12 (\$1.7 million)	36,109	16,434	\$56.2 million	\$285
GJRS	\$401 million	4.23% (\$2.4 million)	7.5% + 2.5% Spousal (\$4.7 million)	514	278	\$17.4 million	\$5,228
LRS	\$ 33 million	0% (\$45 thousand)	8.5% (with 4.75% pickup) (\$282 thousand)	222	259	\$1.8 million	\$580
GDCP	\$ 108.5 million	None	7.5% (\$16.3 million)	15,152	1	\$9 thousand	Paid Annually
SCJRF	\$ 3 thousand	\$1.5 million	None	None	20	\$1.5 million	\$6,267
DARF	\$ 2 thousand	\$80 thousand	None	None	7	\$80 thousand	\$952
SEAD	\$1.3 billion	None	New Plan: 0.25% Old Plan: 0.50%	No. Insured: 38,711	No. Insured: 40,789	No. of Claims: 1025 Amt. Pd: \$33.9 mil	Average Claim: \$33,118
GMPPF	\$ 15.2 million	\$1.9 million	None	13,573*	795	\$841 thousand	\$88

\*Active members at June 30, 2014 is unavailable. This represents active members at June 30, 2013 from the latest actuarial valuation.