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Georgia Sheriffs' Association Retirement Fund

GASB STATEMENT NO. 68 REPORT

FOR THE

SHERIFFS' RETIREMENT FUND OF GEORGIA

PREPARED AS OF JUNE 30, 2022

January 17, 2023

Board of Commissioners
Sheriffs' Retirement Fund of Georgia
1000 Sheriffs Way
Madison, GA 30650

Dear Members of the Board:

Presented in this report is information to assist the Sheriffs' Retirement Fund of Georgia (Fund) in meeting the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 68. The information is presented for the period ending June 30, 2022.

GASB Statement No. 68 established accounting and financial reporting requirements for governmental employers who provide pension benefits to their employees through a trust.

The annual actuarial valuation used as a basis for much of the information presented in this report was performed as of June 30, 2022. The valuation was based on data, provided by the Retirement Fund staff for active, inactive, and retired members along with pertinent financial information.

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 Fund and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the Fund. In addition, the calculations were completed in compliance with the laws governing the Fund and, in our opinion, meet the requirements of GASB 68.

In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.

The calculation of the liability associated with the benefits described in this report was performed for the purpose of providing reporting and disclosure information that satisfies the requirements of GASB 68 for accounting valuation purposes and may not be appropriate for funding purposes or other types of analysis. Calculations for purposes other than satisfying the requirements of GASB 68 may produce significantly different results. Future actuarial results may differ significantly from the current results presented in this report due to such factors as changes in plan experience or changes in economic or demographic assumptions.

Sincerely yours,

Edward J. Koebel

Ben Mobley

Edward J. Koebel, EA, FCA, MAAA
Chief Executive Officer

Ben Mobley, ASA, FCA, MAAA
Consulting Actuary

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REQUIRED INFORMATION FOR THE
SHERIFFS' RETIREMENT FUND OF GEORGIA
PREPARED AS OF JUNE 30, 2022

SECTION I – SUMMARY OF PRINCIPAL RESULTS

Valuation Date (VD):	June 30, 2022
Measurement Date (MD):	June 30, 2022
Reporting Date (RD):	June 30, 2023
Membership Data:	
Retirees and Survivors	198
Terminated Vested Employees	9
Terminated Non-vested Employees	17
Active Members	157
Total	381
Single Equivalent Interest Rate (SEIR):	
Long-Term Expected Rate of Return	6.00%
Municipal Bond Index Rate	3.37%
Fiscal Year in which Plan's Fiduciary Net Position is projected to be depleted from future benefit payments for current members	2042
Single Equivalent Interest Rate	4.32%
Net Pension Liability:	
Total Pension Liability (TPL)	$169,173,012
Fiduciary Net Position (FNP)	96,603,745
Net Pension Liability (NPL = TPL – FNP)	$72,569,267
FNP as a percentage of TPL	57.10%
Collective Pension Expense/(Income):	($1,734,081)
Deferred Outflows of Resources:	$32,282,541
Deferred Inflows of Resources:	$2,614,910

SECTION II – INTRODUCTION

The Governmental Accounting Standards Board issued Statement No. 68 (GASB 68), "*Accounting and Financial Reporting for Pensions*", in June 2012. The Sheriffs' Retirement Fund of Georgia is a cost-sharing multiple employer defined benefit pension plan.

This report, prepared as of June 30, 2022 (the Measurement Date), presents information to assist the Sheriffs' Retirement Fund of Georgia (Fund) in meeting the requirements of GASB. Much of the material provided in this report, including the Net Pension Liability, is based on the results of the GASB 67 report prepared for the Fund which was issued January 17, 2023. See that report for more information on the member data, actuarial assumptions and methods used in developing the GASB 67 results.

Two major changes in GASB 68 are the requirements to include a proportionate share of the Net Pension Liability (NPL) and to recognize a proportionate share of a Pension Expense (PE) in the financial statements of each of the participating employers and non-employer contributing entities.

The NPL shown in the GASB Statement No. 67 Report for the Fund prepared as of June 30, 2022 and submitted January 17, 2023 is the collective NPL used for purposes of GASB 68. Please refer to that report for the derivation of the collective NPL.

Pension Expense includes amounts for service cost (the Normal Cost under the Entry Age Normal actuarial cost method for the year), interest on the Total Pension Liability (TPL), changes in benefit structure, amortization of increases/decreases in liability due to actuarial experience and actuarial assumption changes, and amortization of investment gains/losses. The actuarial experience and assumption change impacts are amortized over the remaining service life of the Fund membership as of the measurement date, and investment gains/losses are amortized over five years. The development of the PE is shown in Section III.

The unamortized portions of each year's experience, assumption changes and investment gains/losses are used to develop deferred inflows and outflows, which also must be included on the employer's and non-employer contributing entities' financial statements. The development of the collective deferred inflows and outflows is presented in Section IV.

These collective amounts are typically allocated based on employer contributions made to the Fund during the measurement period to determine the proportionate share associated with each participating employer. However, the State makes all contributions to the Fund on behalf of employees of the participating districts. Therefore, these employers are considered to be in a special funding situation as defined by GASB 68 and the State is treated as a non-employer contributing entity in the Fund. Since the counties do not contribute directly to the Fund, there is no NPL or deferred inflows or outflows to report in the financial statements of the counties. However, the notes to the financial statements must disclose the portion of the non-employer contributing entities' total proportionate share of the collective NPL that is associated with the employer. In addition, each county must recognize the total PE associated with the county as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective PE associated with the county.

Since contributions are coming from court fees and fines (as described in the Funding Policy in Schedule C), each county will use the same percentage to allocate the proportionate share of the NPL and PE. The State of Georgia has 159 counties, and each county is represented in the census data as of the Valuation Date. Therefore, each county's proportionate share is 1 divided by 159, or 0.6289308%.

The sections that follow provide the results of all the necessary calculations, as well as additional disclosure items needed as Required Supplementary Information (RSI) or for required financial statement footnotes.

SECTION III – PENSION EXPENSE

As noted earlier, the Pension Expense (PE) consists of a number of different items. GASB 68 refers to the first as Service Cost which is the Normal Cost using the Entry Age Normal (EAN) actuarial funding method. The second item is interest on the beginning of year TPL and the cash flows during the year at the 6.50% rate of return (SEIR rate from last year) used for the calculations.

The next three items refer to any changes that occurred in the TPL due to:

- benefit changes,
- actual versus expected experience or
- changes in actuarial assumptions.

Benefit changes, which are reflected immediately in PE, can be positive, if there is a benefit improvement for existing Fund members, or negative if there is a benefit reduction. For the year ended June 30, 2022, there were no benefit changes to be recognized.

The next items to be recognized are the portion of current year changes in TPL due to actual versus expected experience for the year and the portion of current year changes in TPL due to changes in actuarial assumptions. The portion to recognize in the current year is determined by spreading the total change over the average expected remaining service life of the entire Fund membership. The remaining service life of active members is the average number of years they are expected to remain active. For the year ended June 30, 2022, this number is 6.47. The remaining service life of the inactive members is, of course, zero. Therefore, the figure to use for the amortization is the weighted average of these two amounts, or 2.59. The table below provides the calculation of the average remaining future service life.

Category	Number (1)	Average Years of Future Service Life (2)
a. Active Members	157	6.47
b. Inactive Members	235	0.00
c. Total	392	
Weighted Average Years of Future Service Life [(a1 x a2) + (b1 x b2)]/c1		2.59

Member contributions for the year and projected earnings on the FNP, again at the rate used to calculate the liabilities, are subtracted from the amount determined thus far. One-fifth of current period differences between actual and projected earnings on the FNP are recognized in the pension expense.

The current year portions of previously determined experience, assumption, and earnings amounts, recognized as deferred inflows and outflows (see Section IV) are included next. Deferred inflows are subtracted from the PE while deferred outflows are added to the PE. Finally, administrative expenses and other miscellaneous items are included.

The calculation of the collective Pension Expense for the year ended June 30, 2022 is shown in the following table.

Collective Pension Expense/(Income)
For the Year Ended June 30, 2022

Service Cost	$2,389,156
Interest	8,109,983
Current-period benefit changes	0
Expensed portion of current-period difference between expected and actual experience in the total pension liability	(1,644,598)
Expensed portion of current-period changes of assumptions	16,004,065
Member contributions	(97,920)
Projected earnings on plan investments	(7,746,064)
Expensed portion of current-period differences between actual and projected earnings on plan investments	5,563,148
Administrative expense	292,651
Other	0
Recognition of beginning deferred outflows of resources as pension expense	0
Recognition of beginning deferred inflows of resources as pension expense	(24,604,502)
Collective Pension Expense/(Income)	($1,734,081)

SECTION IV – FINANCIAL STATEMENT NOTES

The actuarial related information presented herein will follow the order presented in GASB 68. There are other non-actuarial items required which are not included in this report. Paragraph numbers are provided for ease of reference.

Paragraph 77: This paragraph requires information regarding the actuarial assumptions used to measure the TPL. The TPL as of June 30, 2022 was determined based on the actuarial funding valuation report prepared as of June 30, 2022. The complete set of actuarial assumptions utilized in developing the TPL are outlined in Schedule C. The key actuarial assumptions are summarized below:

Inflation	2.50 percent
Salary increases	N/A
Investment rate of return	6.00 percent, net of pension plan investment expense, including inflation
Municipal Bond Index Rate	3.37 percent
Fiscal Year FNP is projected to be depleted	2042
Single Equivalent Interest Rate	4.32 percent

Mortality rates were based on the PUB-2010 Public Safety Headcount Weighted Below Median Mortality Table projected generationally with the MP-2021 scale for both males and females while in active service. The PUB-2010 Healthy Retiree Below Median Mortality Table projected generationally with the MP-2021 scale was used for service retirements and the PUB-2010 Contingent Survivor Below Median Mortality Table projected generationally with the MP-2021 scale was used for beneficiaries.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of the experience investigation for the six-year period ending June 30, 2021.

Paragraph 78 (a)-(f): The discount rate used to measure the Total Pension Liability was 4.32 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions (dues) will be made at the current contribution rate ($45 per month) and that Employer contributions (from fines and fee revenues) will continue to be made at rates as summarized in Schedule B. Employer contributions for the fiscal year ending June 30, 2022 were approximately $1.75 million and we have assumed this contribution amount will continue over the projection period. Projected future benefit payments for all current plan members were projected through the year 2115.

Based on those assumptions, the pension plan's Fiduciary Net Position was projected to be depleted during the fiscal year ending June 30, 2042. Therefore, based on the GASB 67 provisions, the long-term expected rate of return on pension plan investments of 6.00 percent was applied to all periods of projected benefit payments through 2041 and a municipal bond index rate of 3.37 percent was applied to all periods of projected benefit payments on or after 2042. The Single Equivalent Interest Rate (SEIR) that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payment streams was determined to be 4.32 percent. Therefore, the discount rate used to measure the Total Pension Liability was 4.32 percent.

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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Expected Geometric Rates of Return	Target Asset Allocation
US Large Cap	5.94%	40.0%
US Small/Mid Cap	7.50%	7.0%
Global Equity	6.78%	10.0%
International Equity	8.02%	15.0%
US Fixed Income	2.04%	25.0%
Public Real Estate	6.44%	3.0%
Total		100.0%

Paragraph 78 (g): This paragraph requires disclosure of the sensitivity of the NPL to changes in the discount rate. The following presents the NPL of the Fund, calculated using the discount rate of 4.32 percent, as well as what the Fund's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (3.32 percent) or 1-percentage-point higher (5.32 percent) than the current rate:

	1% Decrease (3.32%)	Current Discount Rate (4.32%)	1% Increase (5.32%)
Fund's Net Pension Liability	$95,426,246	$72,569,267	$53,635,963

Paragraph 80 (a): This paragraph requires disclosure of the employer's proportionate share of the collective NPL and if an employer has a special funding situation the portion of the non-employer contributing entities' proportional share of the collective NPL that is associated with the employer. Since the State is providing all contributions on behalf of the counties through fines and court fees, the proportionate share of the NPL is being split evenly over all counties in Georgia. Therefore, each county's proportionate share will be 0.6289308% of the collective NPL as of June 30, 2022, or $456,410.47.

Paragraph 80 (b): This paragraph requires disclosure of the employer's proportion (percentage) of the collective NPL and the changes in proportion since the prior measurement date. 100% of the collective NPL is allocated to the State.

Paragraph 80 (c): June 30, 2022 is the actuarial valuation date upon which the TPL is based.

Paragraph 80 (d): Since the prior measurement date, the SEIR was changed from 6.50 percent to 4.32 percent to reflect the changes to the FNP's projected year of depletion.

Paragraph 80 (e): There was no change in the benefit terms that affected the measurement of the TPL since the prior measurement date.

Paragraph 80 (f): Not applicable.

Paragraph 80 (g): Please see Section III of this report for the development of the collective Pension Expense (PE). Since the State is providing all contributions on behalf of the counties through fines and court fees, the proportionate share of the PE is being split evenly over all counties in Georgia. Therefore, each county's proportionate share will be 0.6289308% of the collective PE, or ($10,906.17)

Paragraph 80 (h): Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce Pension Expense they are labeled deferred inflows. If they will increase Pension Expense they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average expected remaining service life of the active and inactive Fund members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five year period.

The table below provides a summary of the deferred inflows and outflows as of June 30, 2022.

($ in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$0	$2,614,910
Changes of assumptions	25,446,463	0
Net difference between projected and actual earnings on Plan investments	7,836,078	0
Employer contributions subsequent to the measurement date	See note	0
Total	$33,282,541	$2,614,910

Note: The deferred outflow of resources reported by an employer should include contributions made by the employer during its fiscal year that will be reflected in the net pension liability in the next measurement period.

Paragraph 80 (i): Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in Pension Expense as follows:

Year Ended June 30:	
2023	$15,292,694
2024	9,484,252
2025	327,535
2026	5,563,150
Thereafter	0

Paragraph 80(j): The amount of revenue recognized for the support provided by non-employer contributing entities for the participating employers is provided in Schedule B.

SECTION V – REQUIRED SUPPLEMENTARY INFORMATION

There are several tables of Required Supplementary Information (RSI) that need to be included in the Fund's financial statements:

Paragraph 82: In addition, the following should be noted regarding the RSI:

Changes of benefit terms.

- Retirement benefit at Normal Retirement Date has increased based on the following table since July 1, 2017. These 1.50 percent increases, every 6 months in the monthly benefit per year of credited service, have regularly occurred since July 1, 2000 up until July 1, 2020. Although the SRF Board has only adopted one ad-hoc COLA in the last fiscal year, the increases are assumed to continue until a new precedent or pattern is established.

Date	Change	Total Benefit per Year of Service
January 1, 2017	$2.27	$153.20
July 1, 2017	$2.27	$155.47
January 1, 2018	$2.33	$157.80
July 1, 2018	$2.33	$160.13
January 1, 2019	$2.40	$162.53
July 1, 2019	$2.40	$164.93
January 1, 2020	$2.48	$167.41
July 1, 2022	$2.51	$169.92

These increases are built into the calculation of the TPL so are not shown as a benefit change in the development of the change in TPL.

Changes of assumptions.

- In 2022, the SEIR was decreased from 6.50 percent to 4.32 percent to reflect the changes to the FNP's projected year of depletion. Also, the rates of withdrawal, retirement, and mortality were adjusted to reflect actual and anticipated experience more closely. In addition, the assumption for price inflation was decreased from 2.75 percent to 2.50 percent, the investment return assumption was lowered from 6.50 percent to 6.00 percent, the administrative expenses assumption was increased from $260,000 to $400,000 and the marriage percentage assumption was decreased from 100% to 90%. These assumptions were recommended as part of the experience investigation for the six-year period ending June 30, 2021.
- In 2021, the SEIR was increased from 3.90 percent to 6.50 percent to reflect the changes that the FNP is not projected to be depleted.
- In 2020, the SEIR was decreased from 4.95 percent to 3.90 percent to reflect the changes to the FNP's projected year of depletion.
- In 2019, the SEIR was decreased from 5.16 percent to 4.95 percent to reflect the changes to the FNP's projected year of depletion.
- In 2018, the SEIR was increased from 5.12 percent to 5.16 percent to reflect the changes to the FNP's projected year of depletion.
- In 2017, the SEIR was increased from 4.56 percent to 5.12 percent to reflect the changes to the FNP's projected year of depletion.
- In 2016, rates of withdrawal, retirement, and mortality were adjusted to reflect actual and anticipated experience more closely. In addition, the assumption for price inflation was decreased from 3.00 percent to 2.75 percent. These assumptions were recommended as part of the experience investigation for the seven year period ending June 30, 2015.
- In 2016, the SEIR was decreased from 6.50 percent to 4.56 percent to reflect the changes to the FNP's projected year of depletion.

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported (June 30, 2021 valuation for the June 30, 2022 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	22.5 years
Asset valuation method	Five-year smoothed market value
Inflation	2.75 percent
Salary increase	N/A
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

SCHEDULE A

Summary of Principal Plan Provisions
As Interpreted for Valuation Purposes

Current Plan Provisions: The plan provisions and contribution revenue are established under Chapter 16 of Title 47 of the Official Code of Georgia. The Chapter has established a six-member Board of Commissioners to administer the Fund. The Georgia Legislature has sole authority to change plan provisions, except that the Fund's Board may approve ad hoc cost-of-living adjustments each six months not exceeding 1 ½% per increase. The Georgia Legislature also determines sources of revenues to the Fund from the State and from members. With regard to the State of Georgia, this is a single employer plan.

Effective Date: April 16, 1963.

Most Recent Amendment Effective Date: July 1, 2008.

Type of Plan: A defined benefit, public employee retirement fund funded by Member contributions and fees and fines income.

Eligibility: Any qualified and commissioned sheriff of a county of the State of Georgia who makes required monthly contributions. Application for membership must be made within a year from service date or within the time limits set forth in Georgia Code Section 47-16-41.

Credited Service: All service as a qualified sheriff. The member may also claim credit, up to four years, for service in the United States armed forces and up to four years, for service as a full time peace officer, other than a sheriff, employed within and by the State of Georgia or political subdivision of the State. This additional service credit is available only to Members with a minimum of 8 years of service as sheriff after December 31, 1960. Maximum service credit is 30 years. A sheriff who serves as sheriff for 12 years can get up to 4 years credit for prior service as a county warden if he was warden for 10 years.

Early or Normal Retirement Date: Age 55 with at least 8 years of credited service for persons who became members after July 1, 1988. A member must have terminated his service as sheriff to draw benefits. The credited service requirement is 4 years for a sheriff who was an active member on June 30, 1988 and who remains an active member until his retirement.

Retirement Benefit at Normal Retirement Date: Member is to receive a monthly benefit of $169.92 per year of credited service with a minimum monthly payment of $679.68 and a maximum monthly of $5,097.60. Benefit is payable over member's lifetime.

	Change	Total Benefit
Benefit under Code Sec. 47-16-101(a)(1) effective 7/1/2000		$ 95.00
1 ½% COLA adjustment on 1/1/2001	$1.25	$ 96.25
1 ½% COLA adjustment on 7/1/2001	$1.25	$ 97.50
1 ½% COLA adjustment on 1/1/2002	$1.50	$ 99.00
1 ½% COLA adjustment on 7/1/2002	$1.00	$ 100.00
1 ½% COLA adjustment on 1/1/2003	$1.50	$ 101.50
1 ½% COLA adjustment on 7/1/2003	$1.50	$ 103.00
1 ½% COLA adjustment on 1/1/2004	$1.50	$ 104.50
1 ½% COLA adjustment on 7/1/2004	$1.50	$ 106.00
1 ½% COLA adjustment on 1/1/2005	$1.50	$ 107.50
1 ½% COLA adjustment on 7/1/2005	$1.50	$ 109.00
1 ½% COLA adjustment on 1/1/2006	$1.64	$ 110.64
1 ½% COLA adjustment on 7/1/2006	$1.66	$ 112.30
1 ½% COLA adjustment on 1/1/2007	$1.65	$ 113.95
1 ½% COLA adjustment on 7/1/2007	$1.72	$ 115.67
1 ½% COLA adjustment on 1/1/2008	$1.73	$ 117.40
1 ½% COLA adjustment on 7/1/2008	$1.74	$ 119.14
1 ½% COLA adjustment on 1/1/2009	$1.78	$ 120.92
1 ½% COLA adjustment on 7/1/2009	$1.79	$ 122.71
1 ½% COLA adjustment on 1/1/2010	$1.84	$ 124.55
1 ½% COLA adjustment on 7/1/2010	$1.84	$ 126.39
1 ½% COLA adjustment on 1/1/2011	$1.90	$ 128.29
1 ½% COLA adjustment on 7/1/2011	$1.89	$ 130.18
1 ½% COLA adjustment on 1/1/2012	$1.96	$ 132.14
1 ½% COLA adjustment on 7/1/2012	$1.95	$ 134.09
1 ½% COLA adjustment on 1/1/2013	$2.01	$ 136.10

1 ½% COLA adjustment on 7/1/2013	$2.01	$ 138.11
1 ½% COLA adjustment on 1/1/2014	$2.07	$ 140.18
1 ½% COLA adjustment on 7/1/2014	$2.07	$ 142.25
1 ½% COLA adjustment on 1/1/2015	$2.14	$ 144.39
1 ½% COLA adjustment on 7/1/2015	$2.14	$ 146.53
1 ½% COLA adjustment on 1/1/2016	$2.20	$ 148.73
1 ½% COLA adjustment on 7/1/2016	$2.20	$ 150.93
1 ½% COLA adjustment on 1/1/2017	$2.27	$ 153.20
1 ½% COLA adjustment on 7/1/2017	$2.27	$ 155.47
1 ½% COLA adjustment on 1/1/2018	$2.33	$ 157.80
1 ½% COLA adjustment on 7/1/2018	$2.33	$ 160.13
1 ½% COLA adjustment on 1/1/2019	$2.40	$ 162.53
1 ½% COLA adjustment on 7/1/2019	$2.40	$ 164.93
1 ½% COLA adjustment on 1/1/2020	$2.48	$ 167.41
1 ½% COLA adjustment on 7/1/2022	$2.51	$ 169.92

Vesting: After completion of 4 years of creditable service if a member prior to June 30, 1988, or 8 years of creditable service otherwise, a participant is 100% vested. If termination occurs prior to vesting, total member contributions are refunded.

Vesting Benefit: The accrued benefit deferred to age 55.

Death Benefits:

(1) Upon death of any member, the total amount of his contributions, or those in excess of any retirement benefits received, will be paid, without interest, to the beneficiary.

(2) In addition, upon the death of any inactive member qualified to receive retirement benefits, $15,000 will be paid to the beneficiary. Upon the death of any active member, the sum of $15,000 will be paid to the beneficiary.

(3) Upon the death of an active vested member, the surviving spouse shall receive death benefits in the optional form of a 100% joint life annuity, payable at the date the employee would have reached his retirement age. In such event, the death benefit in (1) above will not be payable.

Optional Forms of Payment: After retirement, the following options are available in exchange for an actuarial reduction in the Member's benefit.

Joint and Survivor Option at 100% or 50% continuation. Upon the Member's death, payments continue to the designated beneficiary (regardless of age) at the rate specified.

If a Joint and Survivor Option is elected and the spouse predeceases or divorces the Member, the benefit is increased (or "pops-up") to the amount that would have been payable if the Joint and Survivor Option had not been elected. There is no charge to the Member for the pop-up provision.

Member Contributions (Dues): $25 per month of credited service from January 1, 1961 through June 30, 1990; $30 per month of credited service from July 1, 1990 through June 30, 1994; $37.50 per month of credited service from July 1, 1994 to June 30, 2000; and $45 per month of credited service after July 1, 2000, with a maximum benefit period of 30 years. For credited service prior to January 1, 1961, for which dues have not been paid, $20 will be deducted from monthly retirement benefits until all credited months prior to January 1, 1961 are paid, subject to the 25 year maximum.

Withdrawal Benefit: The sum of contributions without interest can be paid to the member at any time prior to commencing benefits, but the withdrawal causes the member to lose entitlement to any benefits.

Fines & Fee Revenues: $2.00 per fine or bond forfeited in criminal or quasi-criminal cases of at least $5.00 arising from a court in which a sheriff acts as sheriff to such court. $1.00 is collected in civil actions filed in superior courts. $1.00 is collected in civil actions filed in state courts and magistrate courts where a sheriff acts as sheriff to such court.

Reduction: Benefits can be reduced if funds are insufficient.

Postemployment Healthcare Benefits: None.

SCHEDULE B

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

SINGLE EQUIVALENT INTEREST RATE: 4.32% per annum, compounded annually, net of investment expenses.

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

	Annual Rate of			
Age	Withdrawal		Retirement	
	Year following an Election	All Other Years	Year following an Election	All Other Years
20	17.0%	3.5%		
25	17.0	3.5		
30	17.0	3.5		
35	17.0	3.5		
40	17.0	1.5		
45	16.0	0.8		
50	13.0	0.5		
55	10.0	0.5	40.0%	0.0%
60	10.0	0.5	40.0	0.0
65	10.0	0.5	40.0	0.0
70	10.0	0.5	100.0	0.0

RATES OF DEATH BEFORE RETIREMENT: The Pub-2010 Public Safety Headcount Weighted Below Median Table, with no adjustments, projected generationally with the MP-2021 scale is used for both males and females while in active service. Representative values of the assumed annual rates of mortality while in active service are as follows:

Annual Rates of Death*					
Age	**Males**	**Females**	**Age**	**Males**	**Females**
20	0.0460%	0.0180%	45	0.1160%	0.0950%
25	0.0540	0.0270	50	0.1680	0.1310
30	0.0600	0.0370	55	0.2470	0.1820
35	0.0680	0.0500	60	0.3790	0.2510
40	0.0850	0.0690	65	0.6050	0.3470

* Base mortality rates as of 2010 before application of the improvement scale

RATES OF DEATHS AFTER RETIREMENT: The Pub-2010 Family of Tables, with no adjustments, projected generationally with the MP-2021 scale are used for post-retirement mortality assumptions as follows:

Participant Type	Base Mortality Table
Service Retirements	PubS.H-2010 Healthy Retiree, Below Median
Beneficiaries	PubS.H-2010 Contingent Survivor, Below Median

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

Annual Rates of Death*				
	Service Retirement		Beneficiaries	
Age	Males	Females	Males	Females
50	0.4410%	0.1950%	0.9110%	0.5960%
55	0.5470	0.3260	1.0470	0.7130
60	0.8180	0.5450	1.2780	0.9210
65	1.2010	0.9110	1.6790	1.2870
70	1.9780	1.5220	2.4900	1.8180
75	3.5060	2.5440	3.8360	2.7320
80	6.2020	4.2530	5.9520	4.2990
85	10.9510	7.3240	9.5080	7.1420
90	17.5150	12.6470	15.1110	12.2300

* Base mortality rates as of 2010 before application of the improvement scale

ADMINISTRATIVE EXPENSES: Estimated to be $400,000 per year.

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

ASSET METHOD: Market Value of Assets.

VALUATION METHOD: Entry age actuarial cost method.

COST OF LIVING ASSUMPTION: Semi-annual 1.5% increases in the monthly benefit per year of credited service are assumed.

SCHEDULE C

Funding Policy of the Sheriffs' Retirement Fund of Georgia

The purpose of this Funding Policy is to state the overall objectives for the Sheriffs' Retirement Fund of Georgia (Plan), the benchmarks that will be used to measure progress in achieving those goals, and the methods and assumptions that will be employed to develop the benchmarks. It is the intent of the Board that the Funding Policy outlined herein will remain unchanged until the objectives below are met.

I. Funding Objectives

The goal in requiring employer and member contributions to the Plan is to accumulate sufficient assets during a member's employment to fully finance the benefits the member is expected to receive throughout retirement. In meeting this objective, the Plan will strive to meet the following funding objectives:

- To maintain an increasing funded ratio (ratio of actuarial value of assets to actuarial accrued liabilities) that reflects a trend of improved actuarial condition. The long-term objective is to obtain a 100% funded ratio over a reasonable period of future years.
- To maintain adequate asset levels to finance the benefits promised to members and monitor the future demand for liquidity.
- If required employer contribution amounts are larger than actual employer contributions or the funding ratio falls below 80%, then any benefit improvements should be funded through increases in contribution amounts.

II. Measures of Funding Progress

To track progress in achieving the Plan's funding objectives, the following measures will be determined annually as of the actuarial valuation date (with due recognition that a single year's results may not be indicative of long-term trends):

- **Funded ratio** – The funded ratio, defined as the actuarial value of assets divided by the actuarial accrued liability, should increase over time, before adjustments for changes in benefits, actuarial methods, and/or actuarial adjustments.
- **Unfunded Actuarial Accrued Liability (UAAL)**
  - **Transitional UAAL** – The UAAL established as of the initial valuation date for which this funding policy is adopted shall be known as the Transitional UAAL.
  - **New Incremental UAAL** – Each subsequent valuation will produce a New Incremental UAAL consisting of all benefit changes, assumption and method changes and experience gains and/or losses that have occurred since the previous valuations.
- **UAAL Amortization Period**
  - The transitional UAAL will be amortized over a closed 25 year period beginning on the initial valuation date for which this funding policy is adopted.
  - Each New Incremental UAAL shall be amortized over a closed 25 year period beginning with the year it is incurred.
  - The amortization of UAAL will be developed using the level dollar methodology.

- **Employer Contributions**
  - Contributions to the Plan will continue to come from fines and court fees:

  - $2.00 per fine or bond forfeited in criminal or quasi-criminal cases of at least $5.00 arising from a court in which a sheriff acts to such court,
  - $1.00 from civil actions filed in superior courts, and
  - $1.00 from civil actions filed in state courts and magistrate courts where a sheriff acts as sheriff to such court.
- In each valuation, the actuary will calculate a minimum required employer contribution amount based on the methods and assumptions outlined in this funding policy. The required employer contribution amount will be determined as the summation of the employer normal cost, a contribution amount for administrative expenses, the amortization amount for the Transitional UAAL and the individual amortization amount for each of the New Incremental UAAL bases.
- In no event shall the required employer contribution amount be less than the employer normal cost plus the contribution amount for administrative expenses.
- The valuation methodology, including the amortization of the Unfunded Actuarial Accrued Liability (UAAL), would be expected to maintain reasonably stable contribution amounts.

III. Methods and Assumptions

The annual actuarial valuations providing the measures to assess funding progress will utilize the actuarial methods and assumptions last adopted by the Board based upon the advice and recommendations of the actuary. These include the following primary methods and assumptions:

- The actuarial cost method used to develop the benchmarks will be the Entry Age Normal (EAN) actuarial cost method.
- The long-term annual investment rate of return assumption will be 6.00% net of investment expenses.
- The actuarial value of assets will be determined by recognizing the annual differences between actual and expected market value of assets over a five-year period.

The minimum required employer contribution amounts determined in an annual actuarial valuation will be at least sufficient to satisfy the annual normal cost of the Plan and amortize the UAAL as a level dollar amount over a period not to exceed 25 years. However, in no event, shall the employer contribution amount be less than the employer normal cost plus the contribution amount for administrative expenses.

The actuary shall conduct an investigation into the Plan's experience at least every six years and utilize the results of the investigation to form the basis for recommended assumptions and methods. Any changes to the recommended assumptions and methods that are approved by the Board will be reflected in this Policy.

IV. Funding Policy Progress

The Board will periodically have actuarial projections of the valuation results performed to assess the current and expected future progress towards the overall funding goals of the Plan. These periodic projections will provide the expected valuation results over at least a 30-year period. The projected measures of funding progress and the recent historical trend provided in valuations will provide important information for the Board's assessment of the Plan's funding progress.