

# Clayton County, Georgia Public Employee Retirement System

Information Required Under  
Governmental Accounting Standards Board  
Statement No. 67 as of June 30, 2014

November 2014



November 10, 2014

Pension Board  
Clayton County, Georgia  
Public Employee Retirement System  
112 Smith Street  
Jonesboro, GA 30236

Members of the Board:

This valuation provides information concerning the Clayton County, Georgia Public Employee Retirement System, in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 67. This Statement is an amendment of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, effective for the fiscal year ending June 30, 2014.

We certify that the information contained in this Actuarial Report has been prepared in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information fairly presents the actuarial position of the Retirement System in accordance with the requirements of GASB Statement No. 67 as of June 30, 2014.

The Board may use this report for the review of the operation of the plan and as a source of information for the State financial statements. The report may also be used in the preparation of the Retirement System's audited financial statements.

Use of this report for any other purpose or by anyone other than the Board or the staff of the Board may not be appropriate and may result in mistaken conclusions because of failure to understand applicable assumptions, methods, or inapplicability of the report for that purpose. No one may make any representations or warranties based on any statements or conclusions contained in this report without Buck Consultants' prior written consent.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. An analysis of the potential range of such future differences is beyond the scope of this valuation.

In preparing the actuarial results, we have relied upon information provided by the Retirement System administrator regarding plan provisions, plan participants, plan assets, contribution rates and other matters used in the actuarial valuation. Although we did not audit the data, we reviewed the data for reasonableness and consistency with the prior year's information. The accuracy of the results presented herein is dependent on the accuracy of the data. The demographic and economic assumptions were recommended by the Retirement System administrator in consultation with Buck Consultants. The rate of investment return of 8.00% per annum net of investment expenses was selected by the Retirement System administrator in consultation with Buck Consultants and the Retirement System's investment consultant.

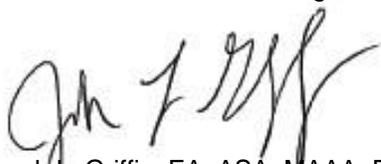
In our opinion, the actuarial assumptions used are appropriate for purposes of the valuation and are reasonably related to the experience of the Retirement System and to reasonable long-term expectations. The mortality improvement assumption was selected in accordance with Actuarial Standard of Practice No. 35.

This report was prepared under the supervision of Timothy G. Bowen, an Associate of the Society of Actuaries and a Member of the American Academy of Actuaries, who meets the Academy's qualification Standards to issue this Statement of Actuarial Opinion. This report has been prepared in accordance with all applicable Actuarial Standards of Practice and we are available to answer questions about it.

Buck Consultants, LLC



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# Section 1 – GASB 67 Information

## A. Summary of Significant Accounting Policies

**Method used to value investments.** Investments are reported at fair value.

## B. Plan Description

**Plan Administration.** This is a cost-sharing multiple employer defined benefit pension plan administered by a public employee retirement system funded by participants and the plan sponsors (Clayton County and the Clayton County Water Authority).

**Plan membership.** At June 30, 2014, pension plan membership consisted of the following:

Membership Status	Count
Inactive plan members or beneficiaries currently receiving	1,124
Inactive plan members entitled to but not yet receiving	290
Active plan members	2,447
Total	3,861

**Benefits provided.** Please see Section 4 of the report for a summary of plan provisions.

**Contributions.** The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by plan participants during the year, with an additional amount to finance any unfunded accrued liability over a 30 year period. The plan is funded by participant and plan sponsor contributions. For the year ended June 30, 2014, the revenue to the Retirement System totaled \$18,741,080.

## C. Investments

**Rate of return.** For the year ended June 30, 2014, the estimated annual money-weighted rate of return on the Fund's investments, net of pension plan investment expense, was 15.78%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. GASB 67 requires that the inputs to the internal rate of return calculation used to determine the annual money-weighted rate of return should be determined at least monthly. As we did not have the detail necessary to provide this calculation, we have provided an estimate assuming mid-year cash flows.

## D. Receivables

Not applicable.

# Section 1 – GASB 67 Information

## E. Net Pension Liability

The components of the net pension liability at June 30, 2014, were as follows:

Components of Net Pension Liability	
Total pension liability	\$ 610,246,375
Plan fiduciary net position	<u>(385,744,668)</u>
Fund's net pension liability	224,501,707
Plan fiduciary net position as a percentage of the total pension liability	63.21%

## F. Actuarial assumptions used to calculate the Net Pension Liability

The total pension liability as of June 30, 2014 was determined based on June 30, 2014 data, plan provisions, and assumptions as summarized below:

Actuarial Assumptions	
Investment rate of return	8.00%, net of pension plan investment expenses.
Salary increases	Fiscal 2016 – 2019            2%
	Fiscal 2020 – 2024           3%
	Fiscal 2025 and beyond      4%
Mortality Rates	Annuitants: RP-2000 Mortality Table with a blue collar adjustment and a 7.5% load, fully generational based on scale BB Non-Annuitants: RP-2000 Mortality Table with a blue collar adjustment, fully generational based on scale BB Disabled Participants: RP-2000
Rates of Retirement and Withdrawal	Rates based on age and as provided in Section 3
Other	See Section 3

# Section 1 – GASB 67 Information

**Discount rate.** The discount rate used to measure the total pension liability was 7.06%. The projection of cash flows used to determine the discount rate is based on a projection of the County's current membership based on actuarial assumptions as specified in Section 3. Contributions are assumed to be made in accordance with County ordinance with additional contributions being made, if necessary, to meet the minimum funding statutes under Georgia state law. Based on those assumptions, the pension plan's fiduciary net position was projected to be insolvent in 45 years. Therefore, the long-term expected rate of return on pension plan investments was applied to the first 45 years of projected benefit payments and a rate of 3.66% was applied to all periods of projected benefit payments after 45 years to determine the total pension liability. The rate of 3.66% was based on the S&P municipal bond 20 year high grade rate index as of June 30, 2014.

The Retirement System administrator, in consultation with the Retirement System's investment manager believes 8.00% to be a reasonable assumption for the long-term rate of return on plan assets based on the Retirement System's investment policy and current asset allocation. Under GASB 67, the audited financial statements of the Retirement System will require documentation supporting the long-term rate of return, which is not contained in this report.

**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 8.00%, as well as what the Retirement System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (6.06%)	Current Discount Rate (7.06%)	1% Increase (8.06%)
Net Pension Liability	\$ 307,439,947	\$ 224,501,707	\$ 156,325,022

# Section 1 – GASB 67 Information

## Schedules of Required Supplementary Information

### Schedule of Changes in Net Pension Liability and Related Ratios

	2014
<b>Total pension liability</b>	
Service cost	\$ 12,641,750
Interest	38,446,983
Changes of benefit terms	0
Differences between expected and actual experience	12,248,172
Changes of assumptions	80,992,984
Benefit payments	<u>(29,341,610)</u>
Net change in total pension liability	\$ 114,988,279
Total pension liability-beginning	\$ 495,258,096
Total pension liability-ending (a)	\$ 610,246,375
<b>Plan fiduciary net pension</b>	
Contributions-employer	\$ 14,677,561
Contributions-member	4,063,519
Net investment income	53,084,005
Benefit payments, including increase in pending refunds	(29,341,610)
Administrative expense	(402,882)
Other	<u>252,020</u>
Net change in plan fiduciary net position	\$ 42,332,613
Plan fiduciary net position-beginning	\$ 343,412,055
Plan fiduciary net position-ending (b)	\$ 385,744,668
Fund's net pension liability-ending (a)-(b)	\$ 224,501,707
Plan fiduciary net position as a percentage of the total pension liability	63.21%
Covered-employee payroll	\$ 108,583,036
Net pension liability as a percentage of covered-employee payroll	206.76%

# Section 1 – GASB 67 Information

## Schedules of Required Supplementary Information (continued)

### Schedule of Contributions

	2014
Actuarially determined contribution	\$ 14,677,561
Contributions related to the actuarially determined contribution	<u>14,677,561</u>
Contribution deficiency (excess)	\$ 0

#### Notes to Schedule of Contributions:

**A. Benefit changes:** None.

**B. Changes of assumptions used to determine the actuarially determined contribution:** The discount rate was changed from 8.00% to 7.06%. The assumed rates of salary increase were adjusted from 3% for the next 9 years and 4% thereafter to 0% for the upcoming year for County employees, 2% for the upcoming year for Water Authority employees, 3% for the next 9 years for all employees and 4% thereafter for all employees. The mortality table was changed to the RP 2000 Mortality Table with a 10% load projected to the year 2019 with Blue Collar adjustment.

**C. Valuation date:** Actuarially determined contribution calculated as of July 1, 2013 applies for the fiscal year ended June 30, 2014.

# Section 1 – GASB 67 Information

## D. Methods and assumptions used to determine the actuarially determined contribution:

<b>Actuarial cost method:</b>	Projected Unit Credit Cost Method
<b>Amortization method</b>	Level percentage of payroll, open
<b>Amortization period</b>	30 years
<b>Asset valuation method</b>	Actuarial value as specified in the Actuarial Valuation Report for Clayton County, Georgia Public Employee Retirement System for the plan year ending June 30, 2013
<b>Administrative Expenses</b>	0.20% of Payroll
<b>Inflation (used for the amortization of Unfunded Liability)</b>	0% for 2013, 3% for the following 8 years, and 4% for the following 21 years (used for the amortization of unfunded liability).
<b>Salary increases</b>	0% for 2013 to 2014 for Clayton County employees, 2% for 2013 to 2014 for Water Authority employees, 3% per annum for the following 8 years for all employees and 4% per annum thereafter for all employees.
<b>Investment rate of return</b>	8.00%, net of pension plan investment expenses.
<b>Retirement and Termination Rates</b>	As specified in the Actuarial Valuation Report for Clayton County, Georgia Public Employee Retirement System for the plan year ending June 30, 2013
<b>Mortality</b>	The RP-2000 Mortality Table with a 10% load projected to the year 2019 with Blue Collar adjustment
<b>Other information</b>	Please see the Actuarial Valuation Report for Clayton County, Georgia Public Employee Retirement System for the plan year ending June 30, 2013

## Schedule of Investment Returns

	2014
GASB 67 requires that the inputs to the internal rate of return calculation used to determine the annual money-weighted rate of return should be determined at least monthly. As we did not have the detail necessary to provide this calculation, we have provided an estimate assuming mid-year cash flows.	15.78%

# Section 1 – GASB 67 Information

**Table 1 – Projection of Fiduciary Net Position (000's omitted)**

Fiscal Year Ending 6/30	Beginning Fiduciary Net Position	Member Contributions	Employer Contributions	Benefit Payments	Administrative Expenses	Investment Earnings	Ending Fiduciary Net Position
2015	\$ 385,745	\$ 6,032	\$ 15,577	\$ 32,024	\$ 415	\$ 30,426	\$ 405,341
2016	405,341	5,551	15,722	33,106	427	31,937	425,018
2017	425,018	5,198	15,829	34,591	440	33,441	444,455
2018	444,455	4,886	15,711	36,156	453	34,916	463,359
2019	463,359	4,571	15,578	37,815	467	36,343	481,570
2020	481,570	4,313	15,695	39,787	481	37,715	499,024
2021	499,024	4,066	15,802	41,670	495	39,030	515,757
2022	515,757	3,834	15,860	43,550	510	40,286	531,676
2023	531,676	3,602	15,921	45,562	526	41,472	546,583
2024	546,583	3,379	15,888	47,858	541	42,561	560,013
2025	560,013	3,176	15,840	50,092	558	43,536	571,915
2026	571,915	2,978	15,813	52,255	574	44,392	582,268
2027	582,268	2,789	15,806	54,132	592	45,136	591,276
2028	591,276	2,611	15,799	56,122	609	45,769	598,723
2029	598,723	2,441	15,776	57,957	628	46,283	604,639
2030	604,639	2,274	15,708	59,789	647	46,673	608,858
2031	608,858	2,101	15,587	61,763	666	46,919	611,036
2032	611,036	1,922	15,496	63,505	686	47,012	611,275
2033	611,275	1,754	15,413	65,089	706	46,957	609,603
2034	609,603	1,595	15,300	66,732	728	46,746	605,784
2035	605,784	1,436	15,260	67,988	749	46,381	600,124
2036	600,124	1,297	15,152	69,312	772	45,865	592,354
2037	592,354	1,150	15,053	70,453	795	45,186	582,495
2038	582,495	1,010	14,929	71,509	819	44,344	570,451
2039	570,451	871	14,752	72,584	844	43,324	555,970
2040	555,970	725	14,634	73,410	869	42,121	539,172
2041	539,172	597	14,581	73,889	895	40,749	520,315
2042	520,315	488	14,539	74,243	922	39,220	499,397
2043	499,397	390	14,553	74,271	949	37,541	476,660
2044	476,660	307	14,610	73,979	978	35,731	452,351

# Section 1 – GASB 67 Information

**Table 1 – Projection of Fiduciary Net Position (000's omitted)**

Fiscal Year Ending 6/30	Beginning Fiduciary Net Position	Member Contributions	Employer Contributions	Benefit Payments	Administrative Expenses	Investment Earnings	Ending Fiduciary Net Position
2045	\$ 452,351	\$ 238	\$ 14,711	\$ 73,436	\$ 1,007	\$ 33,808	\$ 426,665
2046	426,665	182	14,866	72,513	1,037	31,793	399,956
2047	399,956	141	15,042	71,452	1,069	29,703	372,321
2048	372,321	107	15,242	70,181	1,101	27,548	343,937
2049	343,937	79	15,464	68,722	1,134	25,342	314,966
2050	314,966	57	15,705	67,147	1,168	23,095	285,509
2051	285,509	41	15,968	65,331	1,203	20,820	255,804
2052	255,804	29	16,240	63,422	1,239	18,529	225,941
2053	225,941	21	16,523	61,407	1,276	16,230	196,031
2054	196,031	14	16,815	59,340	1,314	13,930	166,136
2055	166,136	10	17,114	57,227	1,354	11,633	136,311
2056	136,311	6	17,422	55,061	1,394	9,344	106,628
2057	106,628	4	17,737	52,868	1,436	7,068	77,132
2058	77,132	2	18,059	50,659	1,479	4,807	47,863
2059	47,863	1	18,387	48,448	1,524	2,566	18,846
2060	18,846	1	18,722	46,241	1,569	344	-

# Section 1 – GASB 67 Information

**Table 2 – Actuarial Present Values of Projected Benefit Payments (000's omitted)**

Fiscal Year Ending 6/30	Beginning Fiduciary Net Position	Benefit Payments				Present Value of Benefit Payments		
		Benefit Payments	Funded Portion	Unfunded Portion	Funded Portion at 8.00%	Unfunded Portion at 3.66	Using a Single Discount Rate of 7.06%	
2015	\$ 385,745	\$ 32,024	\$ 32,024	\$ -	\$ 30,815	\$ -	\$ 30,950	
2016	405,341	33,106	33,106	-	29,497	-	29,884	
2017	425,018	34,591	34,591	-	28,537	-	29,165	
2018	444,455	36,156	36,156	-	27,618	-	28,473	
2019	463,359	37,815	37,815	-	26,746	-	27,815	
2020	481,570	39,787	39,787	-	26,056	-	27,334	
2021	499,024	41,670	41,670	-	25,268	-	26,739	
2022	515,757	43,550	43,550	-	24,452	-	26,102	
2023	531,676	45,562	45,562	-	23,686	-	25,506	
2024	546,583	47,858	47,858	-	23,037	-	25,023	
2025	560,013	50,092	50,092	-	22,326	-	24,464	
2026	571,915	52,255	52,255	-	21,565	-	23,836	
2027	582,268	54,132	54,132	-	20,685	-	23,063	
2028	591,276	56,122	56,122	-	19,857	-	22,333	
2029	598,723	57,957	57,957	-	18,987	-	21,542	
2030	604,639	59,789	59,789	-	18,136	-	20,757	
2031	608,858	61,763	61,763	-	17,347	-	20,027	
2032	611,036	63,505	63,505	-	16,516	-	19,233	
2033	611,275	65,089	65,089	-	15,674	-	18,413	
2034	609,603	66,732	66,732	-	14,879	-	17,632	
2035	605,784	67,988	67,988	-	14,036	-	16,779	
2036	600,124	69,312	69,312	-	13,249	-	15,977	
2037	592,354	70,453	70,453	-	12,470	-	15,168	
2038	582,495	71,509	71,509	-	11,719	-	14,380	
2039	570,451	72,584	72,584	-	11,014	-	13,633	
2040	555,970	73,410	73,410	-	10,315	-	12,878	
2041	539,172	73,889	73,889	-	9,613	-	12,107	
2042	520,315	74,243	74,243	-	8,943	-	11,363	
2043	499,397	74,271	74,271	-	8,284	-	10,617	
2044	476,660	73,979	73,979	-	7,640	-	9,877	

# Section 1 – GASB 67 Information

**Table 2 – Actuarial Present Values of Projected Benefit Payments (000's omitted)**

Fiscal Year Ending 6/30	Beginning Fiduciary Net Position	Benefit Payments			Present Value of Benefit Payments		
		Benefit Payments	Funded Portion	Unfunded Portion	Funded Portion at 8.00%	Unfunded Portion at 3.66	Using a Single Discount Rate of 7.06%
2045	\$ 452,351	\$ 73,436	\$ 73,436	\$ -	\$ 7,022	\$ -	\$ 9,158
2046	426,665	72,513	72,513	-	6,420	-	8,446
2047	399,956	71,452	71,452	-	5,858	-	7,774
2048	372,321	70,181	70,181	-	5,328	-	7,132
2049	343,937	68,722	68,722	-	4,830	-	6,523
2050	314,966	67,147	67,147	-	4,370	-	5,953
2051	285,509	65,331	65,331	-	3,937	-	5,409
2052	255,804	63,422	63,422	-	3,539	-	4,905
2053	225,941	61,407	61,407	-	3,173	-	4,436
2054	196,031	59,340	59,340	-	2,839	-	4,004
2055	166,136	57,227	57,227	-	2,535	-	3,606
2056	136,311	55,061	55,061	-	2,258	-	3,241
2057	106,628	52,868	52,868	-	2,008	-	2,907
2058	77,132	50,659	50,659	-	1,781	-	2,601
2059	47,863	48,448	-	48,448	-	9,785	2,324
2060	18,846	46,241	-	46,241	-	9,010	2,071
2061	-	44,049	-	44,049	-	8,280	1,843
2062	-	41,878	-	41,878	-	7,594	1,637
2063	-	39,738	-	39,738	-	6,951	1,451
2064	-	37,636	-	37,636	-	6,351	1,283
2065	-	35,577	-	35,577	-	5,792	1,133
2066	-	33,560	-	33,560	-	5,270	998
2067	-	31,587	-	31,587	-	4,785	878
2068	-	29,661	-	29,661	-	4,335	770
2069	-	27,785	-	27,785	-	3,917	673
2070	-	25,956	-	25,956	-	3,530	588
2071	-	24,174	-	24,174	-	3,172	511
2072	-	22,436	-	22,436	-	2,840	443
2073	-	20,740	-	20,740	-	2,533	383
2074	-	19,085	-	19,085	-	2,248	329

# Section 1 – GASB 67 Information

**Table 2 – Actuarial Present Values of Projected Benefit Payments (000's omitted)**

Fiscal Year Ending 6/30	Beginning Fiduciary Net Position	Benefit Payments			Present Value of Benefit Payments		
		Benefit Payments	Funded Portion	Unfunded Portion	Funded Portion at 8.00%	Unfunded Portion at 3.66	Using a Single Discount Rate of 7.06%
2075	\$ -	\$ 17,468	\$ -	\$ 17,468	\$ -	\$ 1,985	\$ 281
2076	-	15,893	-	15,893	-	1,742	239
2077	-	14,364	-	14,364	-	1,519	202
2078	-	12,885	-	12,885	-	1,315	169
2079	-	11,464	-	11,464	-	1,128	140
2080	-	10,110	-	10,110	-	960	116
2081	-	8,830	-	8,830	-	809	94
2082	-	7,631	-	7,631	-	674	76
2083	-	6,520	-	6,520	-	556	61
2084	-	5,503	-	5,503	-	453	48
2085	-	4,584	-	4,584	-	364	37
2086	-	3,770	-	3,770	-	288	29
2087	-	3,059	-	3,059	-	226	22
2088	-	2,451	-	2,451	-	175	16
2089	-	1,940	-	1,940	-	133	12
2090	-	1,517	-	1,517	-	101	9
2091	-	1,172	-	1,172	-	75	6
2092	-	895	-	895	-	55	5
2093	-	677	-	677	-	40	3
2094	-	507	-	507	-	29	2
2095	-	377	-	377	-	21	2
2096	-	277	-	277	-	15	1
2097	-	203	-	203	-	10	1
2098	-	148	-	148	-	7	-
2099	-	107	-	107	-	5	-
2100	-	78	-	78	-	4	-
2101	-	57	-	57	-	3	-
2102	-	41	-	41	-	2	-

## Section 2 – Plan Member Data

### A. Member Statistics

June 30, 2014	
<b>Active members</b>	
Number	2,447
Average age	42.16
Average service	8.57
<b>Terminated vested members</b>	
Number	290
Average age	52.38
Average annual retirement benefits	\$11,849
<b>Retired members</b>	
Number	952
Average age	67.06
Average annual retirement benefits	\$ 28,588
<b>Disabled members</b>	
Number	63
Average age	61.95
Average annual retirement benefits	\$ 16,574
<b>Survivors and beneficiaries of members</b>	
Number	109
Average age	66.53
Average annual retirement benefits	\$ 14,734
<b>Total Number of Members</b>	<b>3,861</b>

# Section 3 – Actuarial Assumptions and Methods used to determine the Net Pension Liability

## **Methods used to determine the Net Pension Liability**

VALUATION DATE: Assumptions and methods were updated based on a study of plan experience for the period July 1, 2008 – June 30, 2014. The initial year's Net Pension Liability has been developed based on a valuation of the plans liabilities as of 6/30/2014 using 6/30/2014 census data and reflecting updates to assumptions in accordance with a study of plan experience for the period July 1, 2008 – June 30, 2014. Future disclosures will be based upon the Actuarial Valuation as of the beginning of the fiscal year, adjusted to year end to reflect interest and benefit accruals as well as actual payments made during the year.

ASSET VALUATION METHOD: Market Value.

VALUATION FUNDING METHOD: Entry Age Normal Actuarial Cost Method.

# Section 3 – Actuarial Assumptions and Methods used to determine the Net Pension Liability

## Assumptions used to determine the Net Pension Liability

DISCOUNT RATE: 7.06% per annum.

SEPARATIONS BEFORE RETIREMENT: Representative values of the assumed annual rates of withdrawal, disability, and death are as follows:

### Safety

Age	Annual Rate of					
	Withdrawal					Disability
	Years 0-1	Years 1-2	Years 2-3	Years 3-6	Years 7+	
25	15.00%	12.00%	10.00%	8.00%	6.75%	.07%
30	15.00	12.00	10.00	8.00	6.50	.08
35	15.00	12.00	10.00	8.00	5.75	.09
40	15.00	12.00	10.00	8.00	4.00	.11
45	15.00	12.00	10.00	8.00	3.25	.16
50	15.00	12.00	10.00	8.00	3.25	.24
55	-	-	-	-	-	.40
60	-	-	-	-	-	.84
64	-	-	-	-	-	1.49

### Non-Safety

Age	Annual Rate of					
	Withdrawal					Disability
	Years 0-1	Years 1-2	Years 2-3	Years 3-6	Years 7+	
25	15.00%	12.00%	10.50%	6.75%	6.75%	.07%
30	15.00	12.00	10.50	6.75	6.25	.08
35	15.00	12.00	10.50	6.75	6.00	.09
40	15.00	12.00	10.50	6.75	4.50	.11
45	15.00	12.00	10.50	6.75	3.00	.16
50	15.00	12.00	10.50	6.75	2.25	.24
55	15.00	12.00	10.50	6.75	2.00	.40
60	15.00	12.00	10.50	6.75	2.00	.84
64	15.00	12.00	10.50	6.75	2.00	1.49

# Section 3 – Actuarial Assumptions and Methods used to determine the Net Pension Liability

RATES OF RETIREMENT: Representative values of the assumed annual rates of early and normal retirement are as follows:

Age	Non-Safety		Safety	
	Annual Rate of Retirement			
	Early	Normal*	Early	Normal*
50	.100		.040	
51	.100		.080	
52	.150		.120	
53	.250		.180	
54	.250		.250	
55	.350	.25	.085	.10
56	.160	.10	.085	.10
57	.160	.10	.085	.10
58	.160	.15	.085	.10
59	.160	.20	.085	.10
60		.55		.25
61		.65		.15
62		.65		.22
63		.65		.16
64		.65		.11
65		1.00		.60
66				.40
67				.40
68				.40
69				.40
70				1.00

\* An additional 30% are assumed to retire upon attainment of 25 years of service.

Note: Employees who terminate with a vested benefit and greater than 15 years of service are assumed to commence at age 55 with a subsidized early retirement pension. Other deferred vested employees are assumed to commence at normal retirement age.

SALARY INCREASES: 2.00% per annum for 4 years, 3.00% per annum for the following 5 years, and 4.00% per annum thereafter.

# Section 3 – Actuarial Assumptions and Methods used to determine the Net Pension Liability

## MORTALITY:

Annuitants: RP-2000 Mortality Table with a blue collar adjustment and a 7.5% load, fully generational based on scale BB

Non-Annuitants: RP-2000 Mortality Table with a blue collar adjustment, fully generational based on scale BB

Disabled Participants: RP-2000

FUTURE ADMINISTRATIVE EXPENSES: Expenses assumed to be 0.20% of payroll.

INFLATION: 3.00% per annum (used for the amortization of unfunded liability).

SPOUSES: The husband is assumed to be three years older than the wife, and it is assumed that 85% of the participants are married.

# Section 4 – Summary of Plan Provisions

Effective Date	July 1, 1971.
Plan Year and Fiscal Year	Each July 1 to June 30.
Type of Plan	A cost-sharing multiple-employer defined benefit pension plan administered by a public employee retirement system funded by the Plan Sponsors (Clayton County and the Clayton County Water Authority) and Participant contributions.
Employees Covered	<p>Full-time employees, including Commissioners, persons appointed by Commissioners, judicial secretaries, Probate Court Judge, magistrate, Court Clerks, Sheriff and Chief Deputy, Tax Commissioner and Deputy, and Water Authority employees and appointees.</p> <p>Effective November 1, 2010, any employee who is enrolled or becomes an active participant or member in the Employees Retirement System of Georgia or the Georgia State Employees Pension and Savings Plan (or any successor plan) will not be covered under this Plan. This amendment was not reflected in the July 1, 2010 valuation.</p> <p>Effective July 1, 2012, State Court Law Clerks are now eligible to participate in the Plan.</p>
Credited Service	Service from employment. Effective January 1, 1999, each Participant's sick leave in excess of the allowable amount, as of the last pay period of each calendar year, shall be placed in reserve status to be used in determining Credited Service at the Participant's termination of employment. Certain employees' service with The City of Forest Park Water and Sewer Department is included as Credited Service.
Normal Retirement Benefit Eligibility	The earlier of age 60 and 7 years of participation (5 years of participation for sworn safety personnel hired prior to June 1, 2001), or age 55 and 25 years of credited service. Effective January 1, 1999, a Participant may elect to apply sick leave reserve as an age credit in determining the attainment of Normal Retirement Age.

## Section 4 – Summary of Plan Provisions

Basic Monthly Benefit	2.5% of average monthly salary multiplied by years of credited service up to 32.  Average monthly compensation is based on the 36 highest consecutive months of service during the last 60 months of service.
Cost of Living Adjustments	Annual 2.0% cost of living increase effective beginning July 1, 2009 for those who have received their 84 <sup>th</sup> monthly benefit payment prior to July 1.
Early Retirement Benefit Eligibility	The earlier of age 50 and 25 years of credited service or age 55 and 15 years of credited service.
Benefit	If the participant has 25 years of credited service, the benefit is reduced 1/2% for each month age is less than 55. If the participant has less than 25 years of credited service, the benefit is reduced 1/2% for each month age is less than 60.
Disability Retirement Eligibility	3 years of credited service for in line-of-duty; 7 years of credited service for other than in line-of-duty.
Benefit	30% of participants' monthly rate of compensation as of the date of disability.
Late Retirement Benefit Eligibility	Retirement after eligibility for normal retirement.
Benefit	Normal retirement benefit based on average monthly salary and service at actual date of retirement.
Deferred Vested Benefit Eligibility	7 years of credited service.
Benefit	100% of accrued benefit commencing at normal retirement age. If the member has 15 years of credited service, he may receive a reduced benefit commencing at early retirement age.

## Section 4 – Summary of Plan Provisions

### Pre-Retirement Death Benefit

#### In Line-of-Duty

##### Eligibility

Participation in the Plan.

##### Benefit

Survivor portion of the 50% Joint and Survivor benefit payable immediately (unreduced for early commencement) if married. If not married, payments are unreduced and paid for 60 months.

#### Other Than Line-of-Duty

##### Eligibility

7 years of service.

##### Benefit

Same as in line-of-duty benefit if greater than age 50. If under age 50, 50% of the deferred vested benefit reduced for early retirement payable at early retirement date if married. If not married, the benefit reduced for early retirement is paid for 60 months starting at early retirement age.

### Excess Benefits for Water Authority Participants Only

Benefits in excess of the Internal Revenue Code 415 (m) limits are funded by the Water Authority as the benefits become payable but are not included in the valuation.

### Normal Form of Payment

5 years certain and life annuity.

### Optional Forms of Payment

- (1) 100%, 75%, or 50% joint and survivor annuity.
- (2) Life annuity with 120 months certain

## Section 4 – Summary of Plan Provisions

### Participant Contributions

Each participant contributes 5.5% of compensation beginning July 1, 2006. Contribution rate from August 8, 1998 through June 30, 2006 was 3.5% of compensation and for July 1, 1995 through August 7, 1998 was 2.0% of compensation. If a participant terminates employment before meeting the requirements for any of the above benefits, he is entitled to receive a return of his contributions with 5% interest.

Any participant or beneficiary may elect to receive a refund of contributions with interest in lieu of any other benefit payable under the Plan.

Participant contributions are “picked-up” by the County (i.e., taken out of pre-tax income).