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FULTON COUNTY SCHOOLS EMPLOYEES' PENSION FUND

Fulton County Schools
Where Students Come First

ACTUARIAL VALUATION REPORT

AS OF

JUNE 30, 2023



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CONSULTING, LLC
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December 6, 2023

Retirement Board
Fulton County Schools Employees' Pension Fund
6201 Powers Ferry Road NW
Atlanta, GA 30339

Ladies and Gentlemen:

This report represents the results of the actuarial valuation of the Fulton County Schools Employees' Pension Fund as of June 30, 2023. The purpose of this report is to provide a summary of the funded status of the Plan as of June 30, 2023 and to determine the minimum required contribution amount for the 2024/2025 fiscal year. Our calculations were prepared based on member data and financial information provided by the System. While not verifying data at the source, the actuary performed tests for consistency and reasonableness. The asset values used to determine unfunded liabilities are not market values but less volatile market related values. A smoothing technique is applied to market values to determine the market related values. The unfunded liability amounts using the market value of assets would be different. The interest rate used for determining liabilities is based on the expected return on assets. Therefore, liability amounts in this report cannot be used to assess a settlement of the obligation.

The System receives contributions from the Fulton County Board of Education and Members. The annual contribution rate required by the Fulton County Board of Education is 36.13% of compensation for the fiscal year ending 2025.

In determining the Employer's contribution requirement, we have included interest to reflect our understanding that the Employer makes monthly contributions throughout the fiscal year. In the table below we present the Employer's contribution requirements whether the Employer elects to pay the full amount on July 1, 2024 or in monthly installments throughout the 2024/2025 fiscal year.

Employer contribution payable July 1, 2024	$24,031,896
Interest for monthly payments during 2024/2025 fiscal year	$821,082
Employer contribution payable in monthly installments	$24,852,978

Since the previous valuation, there have been no changes in the actuarial assumptions or methods. In our opinion, the valuation is complete and accurate, and the methodology and assumptions are reasonable as a basis for the valuation. The rationale for the assumptions is an experience investigation for the five-year period ending June 30, 2021.

The System's unfunded liability was projected to be $24,251,578 as of June 30, 2023, taking into account total contributions from the Employer and Members of $27,929,868. The actual unfunded liability is $36,261,867 as of June 30, 2023. The primary source of the increase are greater than expected salary increase and less than expected return on an actuarial value of assets basis. A summary of the System's experience is presented in Section IIIa.

The valuation is based on a series of actuarial assumptions, including an interest (actuarial asset return) rate of 6.95% per year. Actuarial gains and losses result when actual experience of the System (such as asset return, pay increases, turnover, deaths, etc.) is different from that expected by the actuarial assumptions.

A separate report will be required to disclose the financial reporting requirements under GASB statements 67 and 68. 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. New gains and losses are reflected in the unfunded accrued liability which is being amortized on a level dollar basis within a 15-year period.

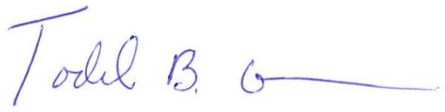
The System is being funded in conformity with the minimum funding standard set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law. Assuming that contributions to the System are made by the employer from year to year in the future at the rates recommended on the basis of the 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 actuaries are members of the American Academy of Actuaries and have 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.

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.

Respectfully submitted,



Todd B. Green, ASA, EA, FCA, MAAA
President

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SECTION I: EXECUTIVE SUMMARY

A. Summary of Principal Results

	As of June 30, 2022	As of June 30, 2023
1. Number of Members		
a. Active Members (including New Participants)	**1,787**	**1,767**
b. Deferred Vested Members	**135**	**133**
c. Retired Members:		
i. Service	2,503	2,475
ii. Disability	139	132
iii. Beneficiary	292	284
iv. Sub-total	**2,934**	**2,891**
d. Total Members	**4,856**	**4,791**
e. Terminated Members Due Contributions	**1,330**	**1,726**
2. Total Annual Compensation	**$65,840,706**	**$68,785,822**
3. Total Retired Member Benefits	**$33,707,856**	**$34,380,210**
4. Derivation of Actuarially Determined Contribution		
a. Present Value of Future Benefits	$573,259,515	$582,986,898
b. Present Value of Future Normal Cost	(24,835,101)	(26,328,334)
c. Actuarial Accrued Liability (AAL)	548,424,414	556,658,564
d. Actuarial Value of Assets (AVA)	($505,115,570)	($520,396,697)
e. Unfunded Accrued Liability (c. + d.)	**$43,308,844**	**$36,261,867**
f. Funded Ratio	**92.1%**	**93.5%**
g. Normal Cost	$4,861,185	$5,101,971
h. Payment to Amortize Unfunded Liability	$19,067,769	$19,816,706
i. Administrative Expenses	$1,527,969	$1,031,807
j. Interest	$2,348,521	$2,382,762
k. Total (g. + h. + i. + j.)	**$27,805,443**	**$28,333,246**
5. Expected Employer Contributions Fiscal Year	**2023/2024**	**2024/2025**
a. Total Required Contribution (4.k above)	$27,805,443	$28,333,246
b. Expected Member Contributions	(3,309,607)	(3,480,268)
c. Expected County Contribution (a. + b.)	**$24,495,836**	**$24,852,978**
d. Expected Employer Contribution as % of Payroll	**37.20%**	**36.13%**
6. Market Value of Assets (MVA)	$460,853,794	$497,393,242

SECTION II: PLAN ASSETS

A. Summary of Assets Held

Asset Category	June 30, 2023
Cash and Cash Equivalents	$1,258,772
Investments	494,865,205
Receivable Investment Income and Deferred Revenue	1,269,265
Total Market Value of Assets	**$497,393,242**

B. Reconciliation of Market Value of Assets

	As of June 30, 2022	As of June 30, 2023
Market Value at Beginning of Plan Year	**$542,056,687**	**$460,853,794**
Adjustment	$1,415,194	$0
Adjusted Market Value at Beginning of Plan Year	**$543,471,881**	**$460,853,794**
Increases Due to:		
Employer Contributions	$25,615,137	$24,361,659
Employee Contributions	3,268,136	3,568,209
Investment income	(73,692,170)	46,778,271
Total Increases	($44,808,897)	$74,708,139
Decreases Due to:		
Benefit Payments	($35,827,081)	($36,168,830)
Refund of Contributions	(495,035)	(995,669)
Administrative expenses	(1,487,074)	(1,004,192)
Total Decreases	($37,809,190)	($38,168,691)
Market Value at End of Plan Year	**$460,853,794**	**$497,393,242**
Expected Market Value (6.95% Assumed Return)	**$572,276,589**	**$482,288,511**
Market Value Gain/(Loss)	**($111,422,795)**	**$15,104,731**
Approximate Net Return on Market Value	**-13.67%**	**10.26%**

C. Development of Market Value of Assets (Gain)/Loss

	Market Value As of June 30, 2023
1. Market Value of Assets	
a. Beginning of Plan Year	$460,853,794
b. Adjustment	$0
c. Adjusted Beginning of Plan Year	$460,853,794
2. Increases Due to:	
a. Contributions:	
i. Employer	$24,361,659
ii. Members	$3,568,209
iii. **Total Contributions**	$27,929,868
3. Decreases Due to:	
a. Benefit payments	$36,168,830
b. Refund of member contributions	$995,669
c. Administrative expenses	$1,004,192
d. Miscellaneous	
e. **Total Decreases**	$38,168,691
4. Expected Investment Income [((1.c) x 6.95%) + ((2a.iii - 3e) x 0.5 x 6.95%)] - 1.b	$31,673,540
5. Actual Investment Income	$46,778,271
6. (Gain) / Loss [4 - 5]	($15,104,731)

D. Determination of Actuarial Value of Assets and Investment Gain/(Loss)

1. Market Value as of June 30, 2023	$497,393,242

2. Delayed Recognition of Market Gains/(Losses)

Valuation Year	Market Gain/(Loss)	Percent Not Recognized	Amount Not Recognized
2023	$15,104,731	80%	$12,083,785
2022	(111,422,795)	60%	($66,853,677)
2021	86,243,120	40%	$34,497,248
2020	(13,654,056)	20%	(2,730,811)
			(23,003,455)

3. Actuarial Value as of June 30, 2023: (1) - (2)	520,396,697
4. Approximate Net Rate of Return on Actuarial Value	5.10%
5. Actuarial Value Gain/(Loss) for Plan Year Ending June 30, 2023	(9,229,783)

SECTION III: DEVELOPMENT OF CONTRIBUTION

A. Gain and Loss Analysis

1. Actual Unfunded Accrued Liability as of June 30, 2022	$43,308,844
2. Total normal cost for this plan year (including expenses)	$6,389,154
3. Interest on 1. and 2.	$3,454,011
4. Total contribution for this plan year (including amounts expected to be paid)	($27,929,868)
5. Interest on 4.	($970,563)
6. Changes due to:	
a. Assumptions and methods	$0
b. Plan amendments	$0
c. Actuarial (gain)/loss	$12,010,289
7. Total Current Unfunded Actuarial Accrued Liability as of June 30, 2023 (1. + 2. + 3. + 4. + 5. + 6.)	$36,261,867

8. Items Affecting Calculation of Accrued Liability

a. Actuarial assumptions and methods used to determine actuarial accrued liability and normal cost (See Appendix A)

b. Plan provisions reflected in the unfunded accrued liability (See Appendix B)

c. Plan amendments reflected in item 6.b. above

d. Changes in actuarial assumptions and methods reflected in items 6.a. and 6.c. above

A. Gain and Loss Analysis (Continued)

9.	**Expected Unfunded Accrued Liability as of June 30, 2023 Valuation:**			$24,251,578
10.	**Changes in UAL Due to Actuarial (Gains)/Losses During the 2022/2023 Plan Year:**			
a.	Due to Salary	$8,435,960		
b.	Due to Turnover	(5,455,947)		
c.	Due to New Retirements	4,744,235		
d.	Due to Data Adjustments	(164,892)		
e.	Due to Mortality	(2,779,616)		
f.	Due to New Members	986,940		
g.	Due to Investment Performance	9,229,783		
h.	Other	(2,986,174)		
i.	Total			$12,010,289
11.	**Other Changes in UAL Payment During the 2022/2023 Plan Year:**			
a.	Assumption and method changes	$0		
b.	Plan changes	$0		
c.	Total change			$0
12.	**Unfunded Accrued Liability as of June 30, 2023 Valuation:**			$36,261,867

13. Comments on Change in Unfunded Accrued Liability:

Salary/Service: Average salary increased 8.2% vs. 4.4% expected salary increase.
Investment Performance: 5.10% actual vs. 6.95% expected return on the actuarial value of assets.
Turnover: Net effect on the valuation liabilities of actual deaths, terminations of employment and disabilities different from what was anticipated in the aggregate by the assumptions related to those events.
New retirements: Net effect of differences in expected vs. actual numbers of, and benefits for, new retirements and refund of employee contributions.
Data/Service Adjustments: Effect of service adjustments, status adjustments, and other data adjustments.
Other: Miscellaneous gains and losses resulting from changes in valuation software, timing of financial transactions, etc.
Assumption and Method Changes: None
Plan Changes: None

B. Amortization of the Unfunded Actuarial Liability

Source and Date Established	Outstanding Balance as of June 30, 2022	2022/2023 Amortization Payment	Outstanding Balance as of June 30, 2023	2023/2024 Amortization Payment	Years Remaining June 30, 2023
1994 Initial Unfunded Actuarial Liability	$35,285,030	$18,235,003	$18,235,003	$18,235,003	1 years
2007 Assumption Changes	3,777,438	386,567	3,626,536	386,567	14 years
2008 Experience (Gain)/Loss	308,809	308,809	0	0	0 years
2009 Experience (Gain)/Loss	2,730,457	1,411,077	1,411,077	1,411,077	1 years
2010 Experience (Gain)/Loss	853,031	303,648	587,565	303,649	2 years
2012 Experience (Gain)/Loss	1,556,130	354,388	1,285,263	354,388	4 years
2012 Assumption Changes	(7,366,205)	(647,609)	(7,185,538)	(647,609)	19 years
2013 Experience (Gain)/Loss	2,364,090	463,030	2,033,183	463,030	5 years
2014 Experience (Gain)/Loss	(12,282,542)	(2,127,250)	(10,861,085)	(2,127,250)	6 years
2015 Experience (Gain)/Loss	(12,296,018)	(1,921,644)	(11,095,393)	(1,921,644)	7 years
2016 Experience (Gain)/Loss	(6,328,219)	(906,247)	(5,798,799)	(906,247)	8 years
2017 Experience (Gain)/Loss	8,645,846	1,148,322	8,018,602	1,148,322	9 years
2018 Experience (Gain)/Loss	(2,626,676)	(326,707)	(2,459,816)	(326,707)	10 years
2018 Assumption Changes	6,417,654	505,078	6,323,500	505,078	25 years
2019 Experience (Gain)/Loss	(1,759,342)	(206,559)	(1,660,701)	(206,559)	11 years
2020 Experience (Gain)/Loss	6,645,587	741,373	6,314,557	741,373	12 years
2021 Experience (Gain)/Loss	(10,805,109)	(1,151,760)	(10,324,257)	(1,151,760)	13 years
2022 Experience (Gain)/Loss	14,065,296	1,439,383	13,503,414	1,439,383	14 years
2022 Assumption Changes	14,123,587	1,058,866	13,972,719	1,058,867	29 years
2023 Experience (Gain)/Loss*			10,336,037	$1,057,747	15 years
Total	**$43,308,844**	**$19,067,769**	**$36,261,867**	**$19,816,706**	

*The total experience (gain)/loss for 2022/2023 plan year of $12,010,289 is adjusted for contribution timing differences adjusted for interest equal to $1,674,252.

A. Historical Schedule of Funding Progress

Actuarial Valuation Date	Fiscal Year Ending June 30	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratio (1) / (2)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3) / (5)
6/30/2014	2016	$317,673,000	$471,694,000	$154,021,000	67.3%	$65,644,000	234.6%
6/30/2015	2017	$355,032,000	$477,926,000	$122,894,000	74.3%	$63,420,000	193.8%
6/30/2016	2018	$375,859,000	$477,413,000	$101,554,000	78.7%	$58,694,000	173.0%
6/30/2017	2019	$400,142,000	$499,892,000	$99,750,000	80.0%	$57,069,000	174.8%
6/30/2018	2020	$419,846,000	$508,769,000	$88,923,000	82.5%	$53,171,000	167.2%
6/30/2019	2021	$432,008,280	$503,590,784	$71,582,504	85.8%	$54,979,009	130.2%
6/30/2020	2022	$445,163,832	$507,674,270	$62,510,438	87.7%	$54,211,263	115.3%
6/30/2021	2023	$483,454,540	$516,967,640	$33,513,100	93.5%	$54,805,861	61.1%
6/30/2022	2024	$505,115,570	$548,424,414	$43,308,844	92.1%	$65,840,706	65.8%
6/30/2023	2025	$520,396,697	$556,658,564	$36,261,867	93.5%	$68,785,822	52.7%

B. Notes to Required Supplementary Information

Valuation Date	June 30, 2022	June 30, 2023
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar Amount, Layered	Level Dollar Amount, Layered
Amortization Period	30 years from 7/1/1994 for initial base; 30 years for assumption changes; 15 years for gains and losses	30 years from 7/1/1994 for initial base; 30 years for assumption changes; 15 years for gains and losses
Asset Valuation Method	5 - Year Smoothed Market	5 - Year Smoothed Market
Key Actuarial Assumptions		
Investment Rate of Return	6.95%	6.95%
Projected Salary Increases	5.00% for years 0-9, 3.50% afterward	5.00% for years 0-9, 3.50% afterward
Includes Inflation at	2.75%	2.75%
Cost-of-Living Adjustment	3.00%	3.00%

SECTION V: MEMBERSHIP DATA

A. Summary of Membership

Active Members	Number	Total Annual Salary	Average Salary	Average Age
Teachers				
No Dependent Coverage	93	$5,713,791	$61,439	53.2
With Dependent Coverage	59	4,199,874	71,184	56.3
Total	**152**	**9,913,665**	**65,221**	**54.4**
Non-Teacher Members				
No Dependent Coverage	1,259	$43,049,321	$34,193	50.3
With Dependent Coverage	356	15,822,836	44,446	53.0
Total	**1,615**	**58,872,157**	**36,453**	**50.9**
Total				
No Dependent Coverage	1,352	$48,763,112	$36,067	50.5
With Dependent Coverage	415	20,022,710	48,247	53.5
Total	**1,767**	**68,785,822**	**38,928**	**51.2**

A. Summary of Membership (Continued)

Inactive Members

Retired Participants Receiving Benefits	
Number*	2,338
Annual Benefits	$26,505,956
Disabled Participants Receiving Benefits	
Number*	126
Annual Benefits	$1,917,734
Beneficiaries Receiving Benefits	
Number	284
Annual Benefits	$5,956,519
Total Currently Receiving Benefits	
Number	2,748
Annual Benefits	$34,380,210
Average Annual Benefits	$12,511
Former Teacher Participants with Spouses Eligible to Receive Future Death Benefits	
Number	778
Annual Benefits	$34,084,301
Terminated Non-Vested Participants Due Employee Contributions	
Number	1,726
Employee Contributions Due	$6,408,216
Terminated Participants with Deferred Vested Benefits	
Number	133
Annual Benefits	$1,508,666
Terminated Teacher Participants with Spouses Eligible to Receive Future Death Benefits	
Number	0
Annual Benefits	$0

*Does not include 143 former teacher participants not currently in receipt with spouses eligible to receive future death benefits.

B. Reconciliation of Membership to Prior Valuation

	Active	Terminated Vested	Retired	Disabled	Beneficiary	Total
Number of members as of June 30, 2022	**1,787**	**1,465**	**2,503**	**139**	**292**	**6,186**
Change in Status during the plan year:						
a. Actives who became inactive	(331)	331				
b. Actives who retired	(28)		28			
c. Inactives who became active	26	(26)				
d. Inactives who retired		(20)	20			
e. Retirees who became active						
f. Retirees who became inactive		5	(5)			
No longer members due to:						
a. Death			(85)	(7)	(28)	(120)
b. Refund of contributions	(13)	(5)				(18)
c. Forfeiture of benefits						
d. Expiration of certain period						
e. Included in error last year	(10)	(26)				(36)
New members due to:						
a. Initial membership	336	133				469
b. Death of another member					20	20
c. Omitted in error last year			14			14
d. Correction		2				2
Number of members as of June 30, 2023	**1,767**	**1,859**	**2,475**	**132**	**284**	**6,517**

C. Distribution of Active Non-Teachers as of June 30, 2023: Age, Service and Average Annual Earnings

	Completed Years of Service										
Age	**Under 1**	**1 to 4**	**5 to 9**	**10 to 14**	**15 to 19**	**20 to 24**	**25 to 29**	**30 to 34**	**35 to 39**	**40 & Up**	**Total**
Under 25	23	11	0	0	0	0	0	0	0	0	**34**
Avg. Pay	23,406	28,793	0	0	0	0	0	0	0	0	25,149
25 to 29	19	34	6	0	0	0	0	0	0	0	**59**
Avg. Pay	18,363	32,362	44,101	0	0	0	0	0	0	0	29,048
30 to 34	46	44	17	3	0	0	0	0	0	0	**110**
Avg. Pay	23,431	30,896	40,727	34,522	0	0	0	0	0	0	29,392
35 to 39	50	81	21	4	1	0	0	0	0	0	**157**
Avg. Pay	24,135	30,477	40,121	38,662	66,561	0	0	0	0	0	30,186
40 to 44	47	67	30	12	9	2	0	0	0	0	**167**
Avg. Pay	23,672	32,524	41,803	59,011	55,670	45,633	0	0	0	0	35,007
45 to 49	32	64	42	13	11	6	1	0	0	0	**169**
Avg. Pay	25,181	29,822	41,344	55,557	40,419	69,629	70,597	0	0	0	36,131
50 to 54	42	71	32	17	20	12	2	1	0	0	**197**
Avg. Pay	26,626	26,347	38,817	48,332	50,866	53,381	96,052	62,251	0	0	35,355
55 to 59	37	75	41	29	35	18	11	7	0	0	**253**
Avg. Pay	28,776	32,687	44,964	48,242	46,422	57,473	54,337	76,618	0	0	41,708
60 to 64	17	80	36	32	31	22	15	2	3	0	**238**
Avg. Pay	24,980	30,125	40,423	41,767	48,677	55,670	62,567	91,277	89,355	0	40,963
65 & Up	26	50	59	37	26	16	7	5	4	1	**231**
Avg. Pay	24,308	28,878	34,528	47,048	46,711	48,326	74,464	70,498	80,135	76,571	39,447
Total	339	577	284	147	133	76	36	15	7	1	**1,615**
Avg. Pay	24,572	30,345	40,028	47,528	47,953	55,027	64,449	75,575	84,086	76,571	36,453

D. Distribution of Active Teachers as of June 30, 2023: Age, Service and Average Annual Earnings

	Completed Years of Service										
Age	**Under 1**	**1 to 4**	**5 to 9**	**10 to 14**	**15 to 19**	**20 to 24**	**25 to 29**	**30 to 34**	**35 to 39**	**40 & Up**	**Total**
Under 25	0	0	0	0	0	0	0	0	0	0	**0**
Avg. Pay	0	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	1	0	0	0	0	0	0	0	**1**
Avg. Pay	0	0	40,500	0	0	0	0	0	0	0	40,500
30 to 34	0	1	2	2	0	0	0	0	0	0	**5**
Avg. Pay	0	35,440	38,697	68,981	0	0	0	0	0	0	50,159
35 to 39	0	1	5	4	1	0	0	0	0	0	**11**
Avg. Pay	0	41,785	54,725	56,354	77,742	0	0	0	0	0	56,234
40 to 44	0	1	8	3	3	1	0	0	0	0	**16**
Avg. Pay	0	45,683	53,337	39,563	46,114	41,803	0	0	0	0	48,201
45 to 49	0	0	2	4	3	3	1	0	0	0	**13**
Avg. Pay	0	0	40,278	64,838	76,632	74,073	101,459	0	0	0	68,729
50 to 54	0	0	1	6	4	3	4	0	0	0	**18**
Avg. Pay	0	0	39,350	57,868	72,585	57,875	80,386	0	0	0	65,115
55 to 59	0	0	5	3	10	4	3	1	4	0	**30**
Avg. Pay	0	0	43,831	57,594	65,112	62,254	65,000	68,893	77,857	0	62,247
60 to 64	0	3	4	5	4	3	5	1	8	1	**34**
Avg. Pay	0	53,748	58,121	70,850	60,670	73,895	60,417	71,082	94,841	101,262	71,926
65 & Up	0	0	3	3	2	0	2	1	12	1	**24**
Avg. Pay	0	0	64,118	77,859	93,105	0	79,871	54,052	74,646	132,462	77,256
Total	0	6	31	30	27	14	15	3	24	2	**152**
Avg. Pay	0	47,359	51,036	61,641	67,272	64,882	71,989	64,675	81,913	116,862	65,221

SECTION VI: RISK CONSIDERATIONS

Actuarial Standards of Practice are issued by the Actuarial Standards Board and are binding on credentialed actuaries practicing in the United States. These standards generally identify what the actuary should consider, document and disclose when performing an actuarial assignment. In September 2017, Actuarial Standard of Practice Number 51, Assessment and Disclosure of Risk in Measuring Pension Obligations, (ASOP 51) was issued as final with application to measurement dates on or after November 1, 2018. This ASOP, which applies to funding valuations, actuarial projections, and actuarial cost studies of proposed plan changes, is first applicable for the June 30, 2019 actuarial valuation for the Plan.

A typical retirement plan faces many different risks, but the greatest risk is the inability to make benefit payments when due. If plan assets are depleted, benefits may not be paid which could create legal and litigation risk or the plan could become "pay as you go". The term "risk" is most commonly associated with an outcome with undesirable results. However, in the actuarial world, risk can be translated as uncertainty. The actuarial valuation process uses many actuarial assumptions to project how future contributions and investment returns will meet the cash flow needs for future benefit payments. Of course, we know that actual experience will not unfold exactly as anticipated by the assumptions and that uncertainty, whether favorable or unfavorable, creates risk. ASOP 51 defines risk as the potential of actual future measurements to deviate from expected results due to actual experience that is different than the actuarial assumptions.

The various risk factors for a given plan can have a significant impact – positive or negative – on the actuarial projection of liability and contribution rates.

There are a number of risks inherent in the funding of a defined benefit plan. These include:

- economic risks, such as investment return and price inflation;
- demographic risks such as mortality, payroll growth, aging population including impact of baby boomers, and retirement ages;
- contribution risk, i.e., the potential for contribution rates to be too high for the plan sponsor/employer to pay and
- external risks such as the regulatory and political environment.

There is a direct correlation between healthy, well-funded retirement plans and consistent contributions equal to the full actuarial contribution rate each year. The Plan is primarily funded by member and employer contributions to the trust fund, together with the earnings on these accumulated contributions. These contributions fund benefit accruals for current active members and administrative expenses. The remainder of the contributions amortizes the unfunded actuarial accrued liability. The required contribution rate is the sum of the rates for the normal cost for the plan and the amortization of the unfunded actuarial accrued liability. The required contribution rate is sensitive to increases in the UAAL and periods of lower than expected returns would lead to much higher contribution rates as a percentage of payroll.

The other significant risk factor for the Plan is investment return because of the volatility of returns and the size of plan assets compared to payroll. A perusal of historical returns over 10-20 years reveals that the actual return each year is rarely close to the average return for the same period. This is to be expected, given the underlying capital market assumptions and the Plan's asset allocation. To the extent market rates of interest affect the expected return on assets, there is a risk of change to the discount rate which determines the present value of liabilities and actuarial valuation results.

A key demographic risk for the Plan is improvements in mortality (longevity) greater than anticipated. While the actuarial assumptions reflect a margin for improvement in mortality experience these assumptions are refined every experience study, the risk arises because there is a possibility of some sudden shift, perhaps from a significant medical breakthrough that could quickly increase liabilities. Likewise, there is some possibility of a significant public health crisis that could result in a significant number of additional deaths in a short time period, which would also be significant, although more easily absorbed. While either of these events could happen, it represents a small probability and thus represents much less risk than the volatility associated with investment returns.

Under the revised Actuarial Standards of Practice (ASOP) No. 4 effective for valuations after February 15, 2023, we include a low-default-risk obligation measure of the System's liability in our funding valuation report. This is an informational disclosure as described below and would not be appropriate for assessing the funding progress or health of the plan. This measure uses the unit credit cost method and reflects all the assumptions and provisions of the funding valuation except that the discount rate is derived from considering low-default-risk fixed income securities. We considered the FTSE Pension Discount Curve based on market bond rates published by the Society of Actuaries as of June 30, 2023 and with the 30-year spot rate used for all durations beyond 30. Using these assumptions, we calculate a liability of $637.9 million. This amount approximates the termination liability if the plan (or all covered employment) ended on the valuation date and all of the accrued benefits had to be paid with cash-flow matched bonds. This assurance of funded status and benefit security is typically more relevant for corporate plans than for governmental plans since governments rarely have the need or option to completely terminate a plan.

A. Actuarial Assumptions

Each of the assumptions used in this valuation was set based on industry standard published tables and data, the particular characteristics of the plan, relevant information from the plan sponsor or other sources about future expectations, the results of a formal experience study conducted on the period July 2016 through July 2021, and our professional judgment regarding future experience. We believe the assumptions are reasonable for the contingencies they are measuring and are not anticipated to produce significant cumulative actuarial gains or losses over the measurement period.

Investment Return

6.95% per year net of investment-related expenses

Salary Increase

Service	Rate
0-9	5.00%
10+	3.50%

Consumer Price Index

2.75% per year

Administrative Expenses

Actual administrative expenses paid in the prior year, increased one year by the assumed Consumer Price Index.

Pre-retirement Mortality

PUB-2010 General Below Median Employees mortality table. Future improvement in mortality rates is reflected by applying the MP-2021 projection scale generationally.

Healthy Mortality

PUB-2010 General Below Median Healthy Retiree mortality table with ages set forward 2 years for females only. Future improvement in mortality rates is reflected by applying the MP-2021 projection scale generationally.

Disabled Mortality

PUB-2010 General Below Median Disabled Retiree mortality table. Future improvement in mortality rates is reflected by applying the MP-2021 projection scale generationally.

Beneficiary Mortality

PUB-2010 General Below Median Contingent Survivors mortality table with ages set back 1 year for males and set forward 2 years for females. Future improvement in mortality rates is reflected by applying the MP-2021 projection scale generationally.

Retirement

Age	Teachers	Non-Teachers
50-64	26%	18%
65	31	18
66-74	26	18
75+	100	100

In addition to the above, 4% of Teachers and 15% of Non-Teachers are assumed to retire at first eligibility for unreduced retirement.

Turnover

Years of Service	Teachers	Non-Teachers
0	15.00%	29.00%
1	15.00	22.00
2	15.00	19.50
3	15.00	18.50
4	15.00	13.00
5	15.00	12.00
6-10	8.50	9.50
11-18	8.50	7.50
19+	8.50	5.00

Disability

50% of the 1996 Social Security Rate of Disability Table for males and 75% of the 1996 Social Security Rate of Disability for females.

Beneficiaries

Males are assumed to be three years older than females. Spouses are assumed not to remarry. All members with dependent coverage are assumed to be married.

B. Actuarial Methods

Funding Method

Entry Age Normal Cost Method

Amortization of Unfunded Actuarial Accrued Liability/Surplus

Level dollar amortization over a period not to exceed 30 years from July 1, 1994 for initial base, 30 years for assumption changes, and 15 years for gains and losses.

Asset Valuation Method

The actuarial value of assets is calculated by recognizing market gains and losses over a five-year period.

APPENDIX B: SUMMARY OF PLAN PROVISIONS

This exhibit summarizes the major provisions of the Fund. It is not intended to be, nor should it be interpreted as a complete statement of all plan provisions. All eligibility requirement and benefit amounts shall be determined in strict accordance with the plan document itself.

A. Effective Date

May 1, 1945

B. Covered Employees

Teachers hired before July 1, 1988 and school employees of Fulton County are eligible for membership in the Pension Fund. Effective July 1, 1988, Teacher members are also covered under the Teachers' Retirement System of Georgia (TRS). Teachers will receive a retirement benefit from TRS. Teachers may also be eligible to receive benefits from the Fulton County School Employees' Pension Fund if Fund benefits exceed the TRS benefit.

C. Creditable Service

The Fund covers all time as an employee during which or for which maximum pension contributions were made. Service with other Georgia entities is credited under special rules.

D. Final Average Monthly Earnings

The average of the three highest consecutive twelve-month periods of employment.

E. Normal Retirement

Eligibility

An employee is eligible to retire with an unreduced benefit at the earliest of:

- Age 65 and 10 years of service;
- Age 60 and 25 years of service;
- 30 years of service

Benefits

For members covered under the 1978 Pension Law, 2% of the participant's Final Average Monthly Earnings multiplied by years of Creditable Service. For members covered under the 1962 Pension Law, 1.76% of the participant's Final Average Monthly Earnings multiplied by years of Creditable Service. The monthly maximum benefit is equal to 75% of final average monthly earnings.

F. Accrued Benefit

The accrued benefit at any date is the normal retirement pension earned through that date. The minimum benefit is $17 per month for each year of creditable service, not to exceed 40 years. (Minimum benefit became effective July 1, 1995). Cost-of-Living Increases are not applied to the minimum benefit. The minimum benefit does not apply to persons receiving a pension from TRS.

G. Early Retirement

Eligibility

An employee is eligible for early retirement at the attainment of age 55 and 25 years of Creditable Service.

Benefits

The accrued benefit reduced for each year between the date payments start and age 60. The reduction is 1/12 of 2% for each month by which the participant's retirement date precedes age 60.

H. Late Retirement

The amount of benefit for a participant retiring after his normal retirement date is the accrued benefit as of the actual retirement date.

I. Disability

Eligibility

An employee who becomes totally disabled before becoming eligible for retirement benefits under the Fund but after completing 10 years of service is eligible for disability retirement benefits. Employees disabled in the line of duty are eligible regardless of their years of service.

Benefits

The accrued benefit, as of the date of disability, not reduced for age. For participants disabled in the line of duty, the benefit will be at least equal to the accrued benefit at age 55 and 25 years of service.

J. Termination Benefits

Eligibility

A participant who has completed at least 25 years of service shall be entitled to a vested retirement pension deferred to commence at age 55, provided his or her accumulated contributions are not withdrawn. Any employee who has completed 10 years of service shall be entitled to a vested retirement pension deferred to commence at age 65, provided the accumulated contributions are not withdrawn.

Benefits

The vested retirement pension is equal to the accrued benefit. If the participant has less than 30 years of service, the accrued benefit shall be reduced by 1/12 of 2% for each month by which the benefit commencement date precedes age 60.

K. Refund of Contributions

A participant who terminates before he or she is eligible to receive benefits will receive a refund equal to the sum of his or her own contributions without interest.

L. Death Benefits

Death benefits for death in the line of duty will be payable in an amount equal to 70% of the benefit for disability in the line of duty to the surviving spouse, or in absence of spouse, to any unmarried children under age 21. The death benefit continues for the life of the spouse. Benefits payable to children would cease at age 21 or at marriage if sooner. Upon the death not in the line of duty of a member who has contributed toward beneficiaries' benefit coverage and who has attained age 65 or completed 10 years of service, a beneficiaries' pension equal to 70% of the member's accrued benefit paid to his spouse for life or until his children reach age 21.

M. Cost-of-Living Increases

The benefits paid to recipients that have been retired more than one year are increased annually by 3%.

N. Employee Contributions

Each member covered under the 1978 law contributes 6.6% of gross salary if beneficiary coverage was elected and 5.6% of gross salary if beneficiary coverage was not elected. Each member covered under the 1962 law contributes 6% of gross salary if beneficiary coverage was elected and 5% of gross salary if beneficiary coverage was not elected. Members covered under laws prior to 1962 contribute amounts prescribed in those laws.

If the member is also a member of TRS, the contribution is split between the two funds with 6.00% of gross salary being contributed to TRS. The remainder of the contribution as outlined in the preceding paragraph is made to the Fulton County School Employees' Pension Fund.

O. Changes in Plan Provisions Since Prior Valuation

None.

APPENDIX C: SUMMARY OF PLAN PROVISIONS FOR TRS

This exhibit summarizes the major provisions of the Plan. It is not intended to be, nor should it be interpreted as a complete statement of all plan provisions. All eligibility requirement and benefit amounts shall be determined in strict accordance with the plan document itself.

A. Effective Date

January 1, 1941

B. Covered Employees

All Teachers, as defined by TRS, employed by the State of Georgia, the county or independent board of education, the State Board of Education, the Board of Regents of the University System of Georgia, or any other agency of and within the State by which a Teacher is paid.

C. Creditable Service

The System covers all time as a Teacher during which or for which maximum pension contributions were made.

D. Final Average Monthly Earnings

The average of the twenty-four highest consecutive months of employment.

E. Normal Retirement

Eligibility

An employee is eligible to retire with an unreduced benefit at the earliest of:

- Age 60 and 10 years of service;
- 30 years of service

Benefits

- An annuity which is the actuarial equivalent of the participant's accumulated contributions at the time of retirement; and
- A pension that, together with the annuity, will provide a total of 2% of the participant's final average monthly earnings multiplied by the number of years of creditable service limited to 40 years.
- The accrued benefit is reduced 1/12 of 7% for each month between the date payments starts and the earlier of age 60 or 30 years of service.

F. Accrued Benefit

The accrued benefit at any date is the normal retirement pension earned through that date. The minimum benefit is $17 per month for each year of creditable service, not to exceed 40 years.

G. Late Retirement

The amount of benefit for a participant retiring after his normal retirement date is the accrued benefit as of the actual retirement date.

H. Disability

Eligibility

An employee who becomes totally disabled before becoming eligible for retirement benefits under the Plan but after completing 10 years of service is eligible for disability retirement benefits.

Benefits

The accrued benefit, as of the date of disability, not reduced for age.

I. Termination Benefits

Eligibility

Any employee who has completed 10 years of service shall be entitled to a vested retirement pension deferred to commence at age 60, provided the accumulated contributions are not withdrawn.

Benefits

The vested retirement pension is equal to the accrued benefit at the time of termination.

J. Refund of Contributions

A participant who terminates before he or she is eligible to receive benefits will receive a refund equal to the sum of his or her own contributions with interest. Other participants may elect to receive their contributions, plus interest in lieu of any other benefit.

K. Death Benefits

Upon the death of a member who has completed 10 years of service, a beneficiaries' pension equal to 100% of the member's accrued benefit shall be paid throughout the life of his beneficiary.

L. Cost-of-Living Increases

Based on the Consumer Price index, limited to 1.5% per six months with no adjustments if the increase is less than 0.5%. Adjustments are made each January 1 and July 1. No reductions will be made for the first 2.5% decrease in the CPI and benefits will not be reduced below the amounts initially paid upon retirement. In addition, for members who retired prior to January 1, 2013, a one-time 3% increase on the first $37,500 for members' allowances is made at retirement.

M. Employee Contributions

Each member contributes 6.00% of earnable compensation. However, no contributions are payable after the attainment of age 65 and the completion of 40 years of creditable service. Members may elect to cease making contributions after the completion of 40 years of creditable service but before the attainment of age 65. The state contributes at a specified percentage of active member payroll determined annually by actuarial valuation.

N. Changes in Plan Provisions Since Prior Valuation

None.