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September 19, 2023

Ms. Michelle Warner
Director of Retirement Field Services and Defined Contribution Programs
Georgia Municipal Association
201 Pryor Street, SW
Atlanta, Georgia 30303

Re: Benefit Studies for the Town of Tyrone

Dear Michelle:

As requested, we have developed the impact on plan funding of the following proposed changes for the Town of Tyrone Retirement Plan:

1. Change Alternative Normal Retirement eligibility from the Rule of 70 with minimum age 55 to the Rule of 70 with no minimum age and change the benefit multiplier from 1.25%-2.00% with dynamic breakpoint to a flat 2.00% multiplier

2. Change Alternative Normal Retirement eligibility from the Rule of 70 with minimum age 55 to the Rule of 70 with no minimum age and change the benefit multiplier from 1.25%-2.00% with dynamic breakpoint to a flat 2.50% multiplier

3. Change the benefit multiplier from 1.25%-2.00% with dynamic breakpoint to a flat 2.00% multiplier

4. Change the benefit multiplier from 1.25%-2.00% with dynamic breakpoint to a flat 2.50% multiplier

The data, financial information, and plan provisions for the January 1, 2023 valuation were used to develop these results. Since the results are dependent on a given set of assumptions and data as of a specific date, there is a risk that emerging results may differ significantly, as actual experience differs from the assumptions.

When determining the Recommended Contribution, the total level dollar amortization is adjusted, if necessary, to be within a corridor of the 10-year and the 30-year amortization of the unfunded/(surplus) actuarial accrued liability. In addition, since the funded ratio on an actuarial basis prior to the plan change is 89.44%, the plan change is amortized over 20 years per the GMEBS funding policy. The amortization period may change depending on the funded ratio when the plan change is first reflected. If the actuarial funding ratio drops below 80%, the amortization period would be 15 years instead of 20.

Please note, for the fiscal year July 1, 2022 to June 30, 2023, GASB standards require that the plan's Net Pension Liability (NPL) be reported on the sponsoring employer's balance sheet. The standards require using the Entry Age Funding method and assets at market (rather than the projected Unit Credit method and smoothed assets which are used for determining contribution requirements). For the fiscal year ended June 30, 2023, we have calculated the NPL as $883,838. Inclusion of the proposed benefit improvement (1) would increase this by an estimated $1,442,000. Inclusion of the proposed benefit improvement (2) would increase this by an estimated $2,241,000. Inclusion of the proposed benefit improvement (3) would increase this by an estimated $1,038,000. Inclusion of the proposed benefit improvement (4) would increase this by an estimated $1,736,000.

We are members of the American Acadamy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

If you have any questions or need additional information, please let us know.

Sincerely,

Jeanette R. Cooper

Malichi Waterman

Jeanette R. Cooper, FSA, FCA, MAAA, EA
Vice President and Consulting Actuary

Malichi S. Waterman, FCA, MAAA, EA
Vice President and Consulting Actuary

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Town of Tyrone
Benefit Studies
Summary of Results

	Current Plan	Rule of 70 with No Minimum Age and 2.00% Multiplier	Rule of 70 with No Minimum Age and 2.50% Multiplier	Rule of 70 with Age 55 Minimum and 2.00% Multiplier	Rule of 70 with Age 55 Minimum and 2.50% Multiplier
Current Recommended Contribution					
Recommended Contribution as of January 1, 2023	$157,371	$157,371	$157,371	$157,371	$157,371
Covered Payroll	$1,727,278	$1,727,278	$1,727,278	$1,727,278	$1,727,278
% of Covered Payroll	9.01%	9.01%	9.01%	9.01%	9.01%
Impact of Benefit Improvement					
Cost of Benefit Improvement	--	$208,968	$322,413	$145,677	$243,303
% of Covered Payroll	--	11.96%	18.46%	8.34%	13.93%
Total Plan Cost of Benefit Improvement					
$ Amount (Recommended Contribution + Cost of Benefit Improvement)	--	$366,339	$479,784	$303,048	$400,674
% of Covered Payroll	--	20.97%	27.47%	17.35%	22.94%
Funding Elements					
Mid-year Normal Cost with Expenses	$117,354	$201,939	$249,035	$179,422	$220,893
Actuarial Value of Assets	$2,818,965	$2,818,965	$2,818,965	$2,818,965	$2,818,965
Actuarial Accrued Liability	$3,151,910	$4,400,535	$5,065,866	$3,989,289	$4,551,789
Unfunded Actuarial Accrued Liability	$332,945	$1,581,570	$2,246,901	$1,170,324	$1,732,824
Funded Ratio on Actuarial Value of Assets	89.44%	64.06%	55.65%	70.66%	61.93%
Market Value of Assets	$2,595,935	$2,595,935	$2,595,935	$2,595,935	$2,595,935
Funded Ratio on Market Value of Assets	82.36%	58.99%	51.24%	65.07%	57.03%

Fiscal year begins July 1, 2023.