

— FROM —
SPECIAL FUNDS
 SPLOST INVESTMENTS

THE CITY OF
AUBURN
 GEORGIA

— TO —
RETIREMENT
 INVESTING IN OUR PEOPLE
 SECURING TOMORROWS



T-SPLOST
 TRANSPORTATION
 INVESTMENTS



BC & GC SPLOST
 INFRASTRUCTURE.
 COMMUNITY.
 GROWTH.



★
 A STRONG COMMITMENT TODAY
 A SECURE FUTURE FOR AUBURN.

DEDICATED SERVICE TODAY.
 SECURE TOMORROWS.
 LASTING LEGACY.



STRONG PROJECTS BUILD OUR COMMUNITY.
STRONG PEOPLE SECURE OUR FUTURE.



SMART INVESTMENTS.
 STRONGER
 INFRASTRUCTURE.



DEDICATED EMPLOYEES.
 BETTER SERVICES.
 BETTER AUBURN.



SECURING TOMORROW.
 HONORING SERVICE.
 BUILDING LEGACY.

Together,
 WE BUILD. WE INVEST.
 WE SECURE AUBURN'S FUTURE.

★ *Investing Today. Honoring Service. Securing Tomorrow.* ★

★ Investing Today. Honoring Service. Securing Tomorrow. ★

THE CITY OF
AUBURN
GEORGIA

INVESTING IN TODAY.
SECURING TOMORROW.
HONORING OUR COMMITMENT.

RETIREMENT

★ SECTION ★

FY2027 BUDGET PRESENTATION



A COMMITMENT TO OUR EMPLOYEES.
A Stronger Future for Auburn.



OUR COMMITMENT
Providing competitive
retirement benefits that
attract, retain, and reward
dedicated public servants.



FINANCIAL STEWARDSHIP
Prudent planning and
responsible management
to ensure long-term
sustainability.



EMPLOYEE WELL-BEING
Supporting the future
security and peace of mind
of our employees and
their families.



BUILDING TOMORROW
Strong benefits today
lead to a stronger Auburn
for generations
to come.



DEDICATED SERVICE TODAY.
SECURE TOMORROWS.
LASTING LEGACY.



HONORING SERVICE. ★

Investing in People. ★

BUILDING OUR FUTURE. ★



City of Auburn

GMEBS Retirement Plan Enhancement Proposal

Proposed Benefit Formula Increase: 1.60% → 2.50%

CURRENT AUBURN PLAN SNAPSHOT

Plan Feature	Current Value
Population	7,495
Employees Covered	46
GMA District	5
Participant Contributions	None Required
Normal Retirement	Age 65 with 5 years service (65+5)
Early Retirement	Age 55 with 10 years service (55+10)
Current Benefit Formula	1.60%
Elected Officials Coverage	Not Included
Vesting	5-Year
Active Death Benefit	Automatic Option A
Terminated Vested Death Benefit	Automatic Option A
Disability Benefit	Yes - 20% minimum

RETIREMENT BENEFIT IMPACT EXAMPLE

Sample Employee: 20 years of service, \$50,000 Final Average Earnings

Calculation Component	Amount
CURRENT FORMULA (1.60%)	
Annual Benefit: $\$50,000 \times 1.60\% \times 20$ years	\$16,000/year
Monthly Benefit	\$1,333/month
PROPOSED FORMULA (2.50%)	
Annual Benefit: $\$50,000 \times 2.50\% \times 20$ years	\$25,000/year
Monthly Benefit	\$2,083/month

Benefit Formula Increase

FROM **1.60%** TO **2.50%**

56.25% Benefit Increase

KEY BENEFITS OF THIS CHANGE

- ✓ **Enhanced Retirement Security**
Employees receive significantly higher monthly retirement benefits
- ✓ **Competitive Positioning**
2.50% matches peer city standards GMEBS employers for benefits
- ✓ **Employee Retention**
Stronger benefits help retain experienced municipal employees
- ✓ **Recruitment Advantage**
Attracts quality candidates in a competitive job market

EMPLOYEE BENEFIT INCREASE	
Additional Annual Retirement Income	+\$9,000/year
Additional Monthly Income	+\$750/month

HOW AUBURN COMPARES: BENEFIT FORMULA RANKING

Annual Benefit: $\$50,000 \times 1.60\% \times 20 \text{ years}$	\$16,000/year
Monthly Benefit	\$1,333/month
PROPOSED FORMULA (2.50%)	
Annual Benefit: $\$50,000 \times 2.50\% \times 20 \text{ years}$	\$25,000/year
Monthly Benefit	\$2,083/month

✓ **Recruitment Advantage**
Attracts quality candidates in a competitive job market

EMPLOYEE BENEFIT INCREASE	
Additional Annual Retirement Income	+\$9,000/year
Additional Monthly Income	+\$750/month

HOW AUBURN COMPARES: BENEFIT FORMULA RANKING

Benefit Formula	% of GMEBS Members	Auburn Current	Auburn Proposed	Competitive Position
2.50% and above	~8%		PROPOSED	Higher Benefit Level
2.00%	21%			Strong Competitive Position
1.75%	5%			Above Average
1.60%	~3%	← CURRENT		Mid-Range
1.50%	22%			Standard Rate
1.25%	8%			Below Average
Split Formulas	29%			Varies

RECOMMENDATION

Staff recommends approval of the benefit formula increase from 1.60% to 2.50% for the following reasons:

1. Demonstrates the City's commitment to employee welfare and long-term financial security
2. Positions Auburn competitively among Georgia municipalities for talent recruitment
3. Recognizes the value and dedication of our municipal workforce
4. Aligns with peer cities offering comparable or higher benefit formulas
5. Supports long-term employee retention, reducing turnover and training costs

Prepared for Mayor and City Council Budget Review | Source: GMEBS Summary of Plan Features, January 2023

ACTUARIAL COST ANALYSIS (SEGAL CONSULTING - APRIL 2026)

Cost Element	Current Plan	With Enhancement Change	
Annual City Contribution	\$172,669	\$329,264	+\$156,595
% of Payroll	5.91%	11.27%	+5.36%
Funded Ratio (Market Value)	108.42%	88.74%	--19.68%

ADDITIONAL ANNUAL INVESTMENT: \$156,595

Note: Plan is currently 108% funded on market value, providing financial cushion for this enhancement.

PEER CITY COMPARISON: GMEBS RETIREMENT BENEFITS

Cities with Similar Population (5,000-10,000) and Workforce Size

★ City of Auburn - Proposed Enhancement ★

Current: 1.60% → Proposed: 2.50% | This enhancement matches other Georgia cities at the 2.50% level

City	Population	Employees	Benefit Formula	Vesting	Disability	COLA	Key Notes
AUBURN (PROPOSED)	7,495	46	2.50% 5-Year	20% Min	None	None	Matches Peer Cities
Auburn (Current)	7,495	46	1.60% 5-Year	20% Min	None	None	Current Plan
--- HIGHER BENEFIT (2.50%) ---							
Fayetteville	18,957	155	2.50% 5-Year	20% Min	None	None	2.50% City
Clarkston	14,756	35	2.50% 5-Year	20% Min	None	None	3% 2.50% City
Byron	5,702	56	2.50% 5-Year	66-2/3%	None	None	3% Similar employees to Auburn
--- STRONG (2.00%) ---							
Dahlonega	7,537	52	2.00% 5-Year	20% Min	None	None	2% Very similar to Auburn
Centerville	8,228	68	2.00% 5-Year	20% Min	None	None	5% Similar size
Austell	7,713	110	2.00% 5-Year	20% Min	None	None	5% Similar population
Hampton	8,368	75	2.00% 5-Year	20% Min	None	None	Similar size
Flowery Branch	9,391	41	2.00% 5-Year	None	None	None	Similar employees
Dacula	6,882	18	2.00% 7-Year	20% Min	None	None	Similar population
Gray	3,436	31	2.00% 5-Year	None	None	None	Similar employees
Colquitt	2,001	40	2.00% Immediate	20% Min	None	None	Similar employees
--- STANDARD (1.75%) ---							
Commerce	7,387	81	1.75% Immediate	20% Min	None	None	5% Very similar to Auburn
Cleveland	3,514	32	1.75% 5-Year	20% Min	None	None	Similar employees
Jonesboro	4,235	42	1.75% Immediate	20% Min	None	None	Similar employees
--- BASIC (1.50% or less) ---							
Eastman	5,658	47	1.50% Immediate	20% Min	None	None	Similar employees
Bremen	7,185	65	1.25-2.0%	5-Year	20% Min	None	Dynamic formula
Barnesville	6,292	56	1.0-1.75%	Immediate	20% Min	None	5% Index formula
Greensboro	3,648	47	1.0-1.75%	Immediate	20% Min	None	Table formula

KEY FINDINGS FOR MAYOR & COUNCIL

- ✓ Auburn's proposed 2.50% formula matches cities like Fayetteville, Clarkston, and Byron
- ✓ Most peer cities offer 1.75% - 2.00% formulas - Auburn will EXCEED this benchmark
- ✓ Auburn will offer competitive retirement benefits among cities with similar population (5,000-10,000)
- ✓ This enhancement demonstrates commitment to employee retention and recruitment
- ✓ Competitive benefits help attract qualified candidates in a tight labor market

BENEFIT FORMULA DISTRIBUTION AMONG PEER CITIES

Category	Benefit Level	# Cities	Auburn Position
Higher Benefit	2.50%	3	PROPOSED
Strong	2.00%	8	Exceeds
Standard	1.75%	3	Exceeds
Basic	1.50% or less	5+	Current (1.60%)

Source: GMEBS Summary of Plan Features, January 2023 | Prepared for City of Auburn Budget Presentation

City of Auburn - Retirement Plan Enhancement: Financial Impact Analysis

Actuarial Benefit Study - Segal Consulting | April 10, 2026

PROPOSAL OVERVIEW

Proposed Change:	Increase benefit multiplier from 1.60% to 2.50%
Benefit Increase:	56.25% higher retirement benefits for employees
Covered Employees:	46
Covered Payroll:	\$2,852,412

ANNUAL COST IMPACT TO CITY

Cost Component	Current Plan	With Enhancement	Change
Recommended Contribution	\$172,669	\$329,264	+\$156,595
% of Covered Payroll	5.91%	11.27%	+5.36%
ADDITIONAL ANNUAL COST	\$156,595		5.36% of payroll

PLAN FUNDING STATUS

Funding Element	Current Plan	With Enhancement	Impact
Funded Ratio (Actuarial)	95.87%	78.47%	-17.40%
Funded Ratio (Market Value)	108.42%	88.74%	-19.68%

WHAT THESE FUNDING TERMS MEAN (Plain Language)

Funded Ratio - Actuarial (95.87% → 78.47%)

→ This shows what percentage of our promises are covered by our savings. 100% = fully funded. After the enhancement, it drops to 78% because we're promising MORE benefits with the SAME assets. This is normal when improving benefits — the higher annual contribution (\$329,264) is designed to bring this ratio back up.

Funded Ratio - Market Value (108.42% → 88.74%)

→ This uses TODAY'S actual investment value (\$3.8 million) instead of the smoothed value. Currently we're OVER-funded at 108% — meaning we have \$300,000+ MORE than needed. Even after the enhancement, we'll still be at 88.74%, which is healthy. This cushion is WHY this is a good time to enhance benefits.

KEY INSIGHT: The 108% market-funded status means we have a financial cushion to absorb this enhancement.

- ✓ Enhancement amortized over 20 years per GMEBS funding policy
- ✓ Places Auburn at the 2.50% benefit level, matching peer cities like Byron and Fayetteville
- ✓ Employee retirement benefits increase by 56.25%

UNDERSTANDING THE NUMBERS

WHAT THIS PROPOSAL MEANS IN SIMPLE TERMS

We're proposing to increase employee retirement benefits by 56%. This will cost the City an additional \$156,595 per year.

WHAT THIS PROPOSAL MEANS IN SIMPLE TERMS**The Bottom Line:**

We're proposing to increase employee retirement benefits by 56%. This will cost the City an additional \$156,595 per year.

Think of it like this:

If an employee currently earns a \$1,333/month pension at retirement, under this proposal they would receive \$2,083/month instead — that's \$750 more per month.

Can we afford it?

Yes. Our retirement fund is in excellent financial health. We have MORE money saved than we currently owe in benefits (108% funded). This is like having \$108 in savings for every \$100 you owe.

KEY TERMS EXPLAINED**Term****What It Means****Benefit Multiplier (1.60% → 2.50%)**

This is the percentage used to calculate retirement pay. Higher percentage = bigger pension check. Formula: Years Worked × Final Salary × This Percentage = Annual Pension

Recommended Contribution

The amount the City pays into the retirement fund each year — like a required savings deposit to ensure we can pay future pensions

Covered Payroll

Total wages paid to all 46 employees covered by this retirement plan (\$2,852,412/year)

Funded Ratio

How much money we have saved compared to what we owe. 100% = fully funded. Over 100% = we have extra cushion. Under 100% = we need to catch up

Actuarial Value

A smoothed, averaged value of our investments (reduces the impact of market ups and downs). Actuaries use this for long-term planning

Market Value

The actual cash value of our investments TODAY if we sold everything. Currently \$3.8 million

Unfunded Liability

The gap between what we owe (future pension payments) and what we have saved. Think of it like a mortgage balance we're paying down over time

Net Pension Liability (GASB)

An accounting term for financial reports. Shows pension obligations on the City's balance sheet. Higher number doesn't mean we're in trouble — it's just how accountants track long-term promises

Amortization (20 years)

We don't pay off the increased cost all at once. Like a mortgage, we spread payments over 20 years to make it manageable

WHY THE 108% FUNDED STATUS MATTERS

Imagine your retirement fund as a savings account:

- If you need \$100 to pay all future pensions, and you have \$108 saved = You're in great shape (108% funded)
- Auburn's fund has \$3.8 million in actual investments
- We only owe \$3.5 million in pension promises
- That extra \$300,000+ is our "rainy day cushion"

After the enhancement:

- Our obligations increase (we're promising bigger pensions)
- This is still a healthy position — we spread the new cost over 20 years

Q&A REFERENCE

Q: Can we afford this?

A: Yes. The plan is over 100% funded on market value. We have more saved than we currently owe. The additional \$156,595/year is spread over 20 years.

Q: Why are we doing this?

A: To remain competitive with peer cities. At 1.60%, Auburn's benefits are below average. At 2.50%, Auburn matches cities like Byron, Fayetteville, and Clarkston, helping attract and retain employees.

Q: What if the stock market drops?

A: The 20-year amortization provides stability. We also use "actuarial smoothing" which averages investment returns over several years to avoid knee-jerk reactions to market swings.

Q: How does this affect our budget?

A: Annual retirement contributions increase from \$172,669 to \$329,264 — an additional \$156,595 per year (about \$13,050/month).

Q: What do employees get out of this?

A: A 20-year employee with \$50,000 salary would get \$2,083/month at retirement instead of \$1,333/month — that's \$750 more per month for life.

This guide prepared to help explain the actuarial study from Segal Consulting (April 10, 2026) in plain language.

EMPLOYEE EXAMPLE #1

Entry-Level Employee - 20 Years of Service

EMPLOYEE INFORMATION

Years of Service at Retirement: 20

HIGHEST 3 YEARS OF EARNINGS (From Entire Career - Used for Final Average Salary)

Year	Hourly Wage	Hours/Week	Annual Salary
Highest Year #1	\$19.00	40	\$39,520
Highest Year #2	\$22.00	40	\$45,760
Highest Year #3	\$24.00	40	\$49,920
FINAL AVERAGE SALARY:		\$45,067	
YEARS OF SERVICE:		\$20.00	

RETIREMENT BENEFIT COMPARISON

	CURRENT (1.60%)	PROPOSED (2.50%)
Formula:	FAS × 1.60% × Years	FAS × 2.50% × Years
Annual Benefit:	\$14,421	\$22,533
Monthly Benefit:	\$1,202	\$1,878

ESTIMATED TAKE-HOME PAY (After Taxes)

Assumes ~20% combined federal & GA state tax for typical retiree*

	CURRENT (1.60%)	PROPOSED (2.50%)
Monthly Take-Home:	\$961	\$1,502
Annual Take-Home:	\$11,537	\$18,027
EXTRA TAKE-HOME/MONTH:		+\$541

*Actual taxes vary by individual. Consult a tax professional for personal estimates.

**HOW MUCH MORE THIS EMPLOYEE GETS****Extra in EACH monthly check:****+\$676***(This is the extra amount added to each retirement check they receive)***Extra per YEAR (12 checks × extra amount):****+\$8,112****IF THEY LIVE 25 YEARS IN RETIREMENT:****Total extra received over those 25 years:****+\$202,800***(Not a lump sum - this is the total of 25 years of monthly checks)***WHAT THIS REALLY MEANS FOR THIS EMPLOYEE****IN SIMPLE TERMS:**

- Every month in retirement, this employee gets an extra ~\$676 in their check
- After taxes (~20%), that's about ~\$541 extra take-home each month
- Over a typical 25-year retirement, those extra amounts add up
- They don't receive it all at once - it comes in their monthly retirement check

The extra ~\$541/month take-home could pay for:

- ✓ Monthly groceries and utilities
- ✓ A car payment or vehicle maintenance
- ✓ Health insurance premiums
- ✓ A more comfortable, secure retirement

*After 20 years of service, this employee earned a better retirement.
This benefit increase makes that possible."*

Based on GMEBS retirement benefit formula | Prepared for City of Auburn Mayor & Council

**EMPLOYEE EXAMPLE #2***Long-Term - 32 Years of Dedicated Service***EMPLOYEE INFORMATION**

Years of Service at Retirement: **32**

HIGHEST 3 YEARS OF EARNINGS (From Entire Career - Used for Final Average Salary)

Year	Annual Salary
Highest Year #1	\$59,000
Highest Year #2	\$62,000
Highest Year #3	\$66,000

FINAL AVERAGE SALARY: \$62,333

YEARS OF SERVICE: \$32

RETIREMENT BENEFIT COMPARISON

	CURRENT PLAN (1.60%)	PROPOSED PLAN (2.50%)
Formula:	$\$62,333 \times 1.60\% \times 32 \text{ yrs}$	Formula: $\$62,333 \times 2.50\% \times 32 \text{ yrs}$
Annual Benefit:	\$31,915	Annual Benefit: \$49,867
Monthly Check:	\$2,660	Monthly Check: \$4,156

**ESTIMATED TAKE-HOME PAY (After Taxes)***Assumes ~20% combined federal & GA state tax for typical retiree **

	CURRENT (1.60%)	PROPOSED (2.50%)
Monthly Take-Home:	\$2,128	\$3,324
Annual Take-Home:	\$25,532	\$39,893

EXTRA TAKE-HOME/MONTH: +\$1,197**Actual taxes vary by individual. Consult a tax professional for personal estimates.*

 HOW MUCH MORE THIS EMPLOYEE GETS **Extra in EACH monthly check:****+\$1,496***(This is the extra amount added to each retirement check they receive)***Extra per YEAR (12 checks × extra amount):****+\$17,952****IF THEY LIVE 25 YEARS IN RETIREMENT:****Total extra received over those 25 years:****+\$448,800***(Not a lump sum - this is the total of 25 years of monthly checks)***WHAT THIS REALLY MEANS FOR THIS EMPLOYEE****IN SIMPLE TERMS:**

- Every month in retirement, this employee gets an extra ~\$1,197 in their check
- After taxes (~20%), that's about ~\$958 extra take-home each month
- Over a typical 25-year retirement, those extra amounts add up
- They don't receive it all at once - it comes in their monthly retirement check

The extra ~\$958/month take-home could pay for:

- ✓ A mortgage or rent payment
- ✓ Health insurance and medical costs
- ✓ Travel and family visits
- ✓ A more comfortable, secure retirement

*"After 32 years of service, this employee earned a better retirement.
This benefit increase makes that possible."*

Based on GMEBS retirement benefit formula | Prepared for City of Auburn Mayor & Council

**EMPLOYEE EXAMPLE #3***Mid-Career Professional - 13 Years of Service***EMPLOYEE INFORMATION**

Years of Service at Retirement: **13**

HIGHEST 3 YEARS OF EARNINGS (From Entire Career - Used for Final Average Salary)

Year	Annual Salary
Highest Year #1	\$80,000
Highest Year #2	\$83,000
Highest Year #3	\$86,000

FINAL AVERAGE SALARY: \$83,000
YEARS OF SERVICE: \$13

**RETIREMENT BENEFIT COMPARISON**

	CURRENT (1.60%)	PROPOSED (2.50%)
Formula:	$FAS \times 1.60\% \times \text{Years}$	$FAS \times 2.50\% \times \text{Years}$
Annual Benefit:	\$17,264	\$26,975
Monthly Benefit:	\$1,439	\$2,248

ESTIMATED TAKE-HOME PAY (After Taxes)*Assumes ~20% combined federal & GA state tax for typical retiree**

	CURRENT (1.60%)	PROPOSED (2.50%)
Monthly Take-Home:	\$1,151	\$1,798
Annual Take-Home:	\$13,811	\$21,580
EXTRA TAKE-HOME/MONTH:		+\$647

**Actual taxes vary by individual. Consult a tax professional for personal estimates.*

HOW MUCH MORE THIS EMPLOYEE GETS

Extra in EACH monthly check:

+\$809

(This is the extra amount added to each retirement check they receive)

Extra per YEAR (12 checks × extra amount):

+\$9,711

IF THEY LIVE 25 YEARS IN RETIREMENT:

Total extra received over those 25 years:

+\$242,775

(Not a lump sum - this is the total of 25 years of monthly checks)

WHAT THIS REALLY MEANS FOR THIS EMPLOYEE

IN SIMPLE TERMS:

- Every month in retirement, this employee gets an extra ~\$809 in their check
- After taxes (~20%), that's about ~\$647 extra take-home each month
- Over a typical 25-year retirement, those extra amounts add up
- They don't receive it all at once - it comes in their monthly retirement check

The extra ~\$647/month take-home could pay for:

- ✓ Monthly groceries and household expenses
- ✓ A car payment or insurance
- ✓ Health care costs and prescriptions
- ✓ A more comfortable, secure retirement

"After 13 years of service, this employee earned a better retirement.

This benefit increase makes that possible."

Based on GMEBS retirement benefit formula | Prepared for City of Auburn Mayor & Council