

Legislative Update

For the Week of: March 26 - March 30, 2012
Legislative Days: 38 - 40

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Legislation, please visit:
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Legislative Log

Monday, March 26, 2012

HB 250 - Georgia Judicial Retirement System; revised survivor's benefit option; provisions

Currently, JRS members must elect spousal coverage upon becoming a member of the Judicial Retirement System (JRS) or upon marriage. The member pays an additional 2.5% each year for 16 years for this coverage.

This bill allows for new members on or after July 1, 2012, to pay normal employee contributions as specified by statute, and then at retirement, elect an option to cover a spouse by taking a reduced retirement allowance. Such a change allows for equity to the current Employees' Retirement System (ERS) spousal coverage.

Current JRS members that have at least ten years of service, who at time of enrollment rejected spousal benefits, may pay the full actuarial cost for these benefits and may choose to cover their spouse according to the previous plan design.

HB 250 received a DO PASS from the full Senate by a vote of 44 to 1.

HB 944 - Official Code of Georgia; retirement and pensions; revise, modernize, and correct errors or omissions

This bill is a clean-up bill to correct typographical, stylistic, and other errors and omissions in Title 47.

HB 944 received a DO PASS from the full Senate by a vote of 51 to 0.

SB 246 - Retirement; provide an increase in the employee contribution; retirement benefit; conditions

This bill increases the monthly employee contribution from \$4.00 to \$10.00 for new members of the Public School Employees Retirement System (PSERS) beginning July 1, 2012.

Legislative Log (continued)

Provisions provide for the minimum monthly retirement benefit for PSERS members to increase from \$12.00 to \$14.75 for each year of creditable service. The maximum monthly retirement benefit will increase from \$15.00 to \$16.50 for each year of creditable service. The benefit increases are to the extent that funds are appropriated by the General Assembly. Benefit increases will be payable to current and future PSERS retirees. However, there will be no benefit increase above \$15.00 for members retired before the effective date of this legislation.

SB 246 received a DO PASS from the House Rules Committee and was placed on the House Debate Calendar for 3/27/12.

SB 402 - "Employees' Retirement System of Georgia Enhanced Investment Authority Act"; define certain terms relating to certain types of investments

This bill amends provisions relating to the Public Retirement Systems Investment Authority Law by defining the term "alternative investments" and allows eligible large retirement systems, other than the Teachers Retirement System, to make certain alternative investments.

Senate Bill 402 allows investment in alternative investments of up to 1% per year, with a total of no more than 5% of total funds at any time.

The bill, as written, provides certain protections to ERS:

- Does not specify participation in investments based on geography
- Language is structure specific
 - Each investment requires at least 4 other investors on the same terms not affiliated with the issuer
 - Each investment shall only be made in private pools and issuers that have at least \$100 million in assets
 - At the time of initial investment, such investors shall not include any trustee of the retirement system making the investment or any public official as defined in paragraph 9 of O.C.G.A. 45-10-20
 - A code of ethics must be adopted relating to investing in and disposing of these investment vehicles

Annual reporting is required to the Governor and the House and Senate Retirement Committee Chairpersons detailing the performance of such investments. Such report must be posted on the Retirement System website.

SB 402 received a DO PASS from the House Rules Committee and was placed on the House Debate Calendar for 3/26/12.

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Annual reporting is required to the Governor and the House and Senate Retirement Committee Chairpersons detailing the performance of such investments. Such report must be posted on the Retirement System website.

SB 402 received a DO PASS from the full House of Representatives by a vote of 104 to 53.

Tuesday, March 27, 2012

SB 246 - Retirement; provide an increase in the employee contribution; retirement benefit; conditions

This bill increases the monthly employee contribution from \$4.00 to \$10.00 for new members of the Public School Employees Retirement System (PSERS) beginning July 1, 2012. Provisions provide for the minimum monthly retirement benefit for PSERS members to increase from \$12.00 to \$14.75 for each year of creditable service. The maximum monthly retirement benefit will increase from \$15.00 to \$16.50 for each year of creditable service. The benefit increases are to the extent that funds are appropriated by the General Assembly. Benefit increases will be payable to current and future PSERS retirees. However, there will be no benefit increase above \$15.00 for members retired before the effective date of this legislation.

SB 246 received a DO PASS from the full House of Representatives by a vote of 168 to 0.

SB 286 - Retirement; tax commissioner or an employee of any such officer; membership; Employees' Retirement System of Georgia

This bill allows Tax Commissioners, tax collectors, tax receivers and their employees, who first or again take office or become employed after July 1, 2012 to have the option to become members of the Employees' Retirement System (ERS) or either a local pension plan. Membership would be prohibited in both plans. If membership in ERS is designated, the County will then be responsible for paying employer contributions for such member.

SB 286 received a DO PASS from the House Rules Committee and was placed on the House Debate Calendar for 3/27/12.

Legislative Log (continued)

SB 286 - Retirement; tax commissioner or an employee of any such officer; membership; Employees' Retirement System of Georgia

This bill allows Tax Commissioners, tax collectors, tax receivers and their employees, who first or again take office or become employed after July 1, 2012 to have the option to become members of the Employees' Retirement System (ERS) or either a local pension plan. Membership would be prohibited in both plans. If membership in ERS is designated, the County will then be responsible for paying employer contributions for such member.

This bill also provides for transfers between the Georgia State Employees' Pension and Savings Plan (GSEPS) under the Employees' Retirement System (ERS) and the Teachers Retirement System (TRS) with retirement benefits being calculated on a pro-rated basis.

An individual could have nine years of TRS service and then transfers to the ERS (GSEPS) plan and lose the benefit they had under TRS. TRS is a 2% formula and ERS is now a 1% formula under GSEPS. This was an oversight when the new GSEPS plan was passed in 2008. This creates a windfall situation for some and a huge loss for others.

Under this legislation, if a non-vested GSEPS member of ERS transfers to TRS, the member would retain their 1% GSEPS ERS formula for the period they worked under ERS, and then would begin the 2% TRS formula once the transfer to TRS occurs.

If a non-vested member of TRS transfers to GSEPS under ERS, the member would retain their 2% TRS formula for the period they worked under TRS, and then would begin the 1% GSEPS ERS formula once the transfer to ERS occurs.

There is no cost to ERS for this legislation.

SB 286 received a DO PASS by Committee Substitute as amended from the full House of Representatives by a vote of 165 to 0.

Wednesday, March 28, 2012

No bills were considered today due to the General Assembly being in recess.

Thursday, March 29, 2012

SB 246 - Retirement; provide an increase in the employee contribution; retirement benefit; conditions

This bill increases the monthly employee contribution from \$4.00 to \$10.00 for new members of the Public School Employees Retirement System (PSERS) beginning July 1, 2012.

Legislative Log (continued)

Provisions provide for the minimum monthly retirement benefit for PSERS members to increase from \$12.00 to \$14.75 for each year of creditable service. The maximum monthly retirement benefit will increase from \$15.00 to \$16.50 for each year of creditable service. The benefit increases are to the extent that funds are appropriated by the General Assembly. Benefit increases will be payable to current and future PSERS retirees. However, there will be no benefit increase above \$15.00 for members retired before the effective date of this legislation.

SB 246 received an AGREE to the House Substitute from the full Senate by a vote of 43 to 0.

SB 286 - Retirement; tax commissioner or an employee of any such officer; membership; Employees' Retirement System of Georgia

This bill allows Tax Commissioners, tax collectors, tax receivers and their employees, who first or again take office or become employed after July 1, 2012 to have the option to become members of the Employees' Retirement System (ERS) or either a local pension plan. Membership would be prohibited in both plans. If membership in ERS is designated, the County will then be responsible for paying employer contributions for such member.

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Under this legislation, if a non-vested GSEPS member of ERS transfers to TRS, the member would retain their 1% GSEPS ERS formula for the period they worked under ERS, and then would begin the 2% TRS formula once the transfer to TRS occurs.

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There is no cost to ERS for this legislation.

SB 286 received an AGREE to the House Substitute from the full Senate by a vote of 49 to 3.

SB 402 - "Employees' Retirement System of Georgia Enhanced Investment Authority Act"; define certain terms relating to certain types of investments

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 - A code of ethics must be adopted relating to investing in and disposing of these investment vehicles

Annual reporting is required to the Governor and the House and Senate Retirement Committee Chairpersons detailing the performance of such investments. Such report must be posted on the Retirement System website.

SB 402 received an AGREE to the House Substitute from the full Senate by a vote of 42 to 3.