

Legislative Update

For the Week of: February 20 - 24, 2012
Legislative Days: 22 - 25

February 24, 2012

Page 1

Inside This Update

- 1 Legislative Log

For More Information on
Legislation, please visit:
www.ers.ga.gov

Contact Us

Jim Potvin
Executive Director, ERSGA
404-603-5605
jim.potvin@ers.ga.gov

Kelly L. Moody
Legislative Liaison and
Assistant Director, ERSGA
404-603-5646
kelly.moody@ers.ga.gov

Danise Thaxton
Executive Assistant to the
Director, ERSGA
404-603-5602
danise.thaxton@ers.ga.gov

Legislative Log

Monday, February 20, 2012

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

Tuesday, February 21, 2012

HB 295 - Georgia State Employees Pension and Savings Plan; transfer of accrued benefit; provide

This bill 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.

HB 295 received a DO PASS from the Senate Retirement Committee.

Legislative Log (continued)

Wednesday, February 22, 2012

HB 183 – General Assembly members; members of Georgia Legislative Retirement System; provisions

This legislation allows new members of the General Assembly to make an irrevocable election to become members of the Legislative Retirement System (LRS) within two months of the beginning of each term of office on or after July 1, 2012. Once an election is made for LRS membership, there is no requirement to make an election to continue membership in this system. The required vesting period of eight years will remain unchanged.

The bill also allows an irrevocable election for those who previously declined LRS membership the ability to purchase prior service, provided that the member pays full actuarial cost.

As part of clean-up legislation for compliance purposes, this bill also amends statute to make it mandatory that employers report rehire of LRS retirees.

HB 183 received a DO PASS from the House Rules Committee and was placed on the House Debate Calendar for 2/23/12.

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
- 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.

SB 402 received a DO PASS from the Senate Rules Committee and was placed on the Senate Debate Calendar for 2/23/12.

Legislative Log (continued)

Thursday, February 23, 2012

HB 183 – General Assembly members; members of Georgia Legislative Retirement System; provisions

This legislation allows new members of the General Assembly to make an irrevocable election to become members of the Legislative Retirement System (LRS) within two months of the beginning of each term of office on or after July 1, 2012. Once an election is made for LRS membership, there is no requirement to make an election to continue membership in this system. The required vesting period of eight years will remain unchanged.

The bill also allows an irrevocable election for those who previously declined LRS membership the ability to purchase prior service, provided that the member pays full actuarial cost.

As part of clean-up legislation for compliance purposes, this bill also amends statute to make it mandatory that employers report rehire of LRS retirees.

HB 183 received a DO PASS by Committee Substitute from the full House of Representatives by a vote of 159 - 2.

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
- 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.

SB 402 received a DO PASS by Committee Substitute from the full Senate by a vote of 50 - 4.

Legislative Log (continued)

Friday, February 24, 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 as of July 1, 2012, to pay normal employee contributions as required by the actuary, 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 House Rules Committee and was placed on the House Debate Calendar for 2/27/12.