



Legislative Update

May 8, 2019

2019-20 BIENNIUM SESSION

The 2019 legislative session opened on January 14, 2019 and concluded on April 2, 2019. This year kicked off the first year of the two year (2019-2020) biennium session. Retirement bills that have a fiscal (monetary) impact can be introduced this year, but can only be acted on during the second year, which means the earliest effective date for a fiscal bill would be July 1, 2020.

HB 196, which would require each public retirement system trustee to complete appropriate education applicable to his or her fiduciary duties and obligations under the public retirement system, was passed by the House and the Senate and awaits the Governor's signature.

SB 117, which would require persons who become members of the Employees' Retirement System, Teachers Retirement System, Legislative Retirement System and Sheriffs' Retirement Fund on or after July 1, 2019 to pay full actuarial cost for certain creditable service that is already authorized for members, was passed by the Senate, amended by the House and sent back to the Senate, where it currently resides pending action in the 2020 session.

The following fiscal House and Senate bills that would affect TRS if passed, were referred for an actuarial study to determine the possible cost to TRS:

1. HB 292 would eliminate certain remittances required to be made by the University System of Georgia to the Teachers Retirement System of Georgia (TRS).
2. HB 320 and HB 336 are both return to work bills. Both would allow certain public employers to employ beneficiaries of TRS in certain capacities and under limited conditions and would require such employers to make employer and employee contributions on behalf of such employed beneficiaries.
3. HB 390 would allow certain members of TRS to obtain creditable service for international teaching service by paying the full actuarial cost of obtaining such creditable service.
4. HB 662 and 667 relate to TRS actuarial investigation time periods, assumed rate of return, direct rate smoothing for employer contributions; legacy debt; and amortization period for future unfunded actuarial accrued liabilities.
5. SB 260 would require actuarial investigations for TRS to occur at least once in every three-year period and to provide that the maximum annual assumed rate of return shall not exceed 6%. An amendment was added that would tie the cost of living adjustments (COLA) for retirees to the Consumer Price Index (CPI) rather than providing two 1.5% COLAs each year.

Please see pages 2 and 3 for a summary of legislation that has been introduced that could affect TRS.

Supporting Legislation

If you are interested in expressing your support for legislation currently being considered, please contact your State Representative or Senator, as the Legislature is responsible for enacting Georgia law. Please visit www.legis.ga.gov for more information.



How a Retirement Bill Becomes Law

- ① In 1st year, State Representative or Senator introduces legislation.
- ② Legislation is assigned to Committee (House or Senate depending on the chamber from which the bill is introduced).
- ③ After the Session, Committee determines if the bill should be forwarded for actuarial study.
 - If forwarded for study, legislative process continues.
 - If not forwarded for study, bill dies in Committee.
- ④ In 2nd year, Committee receives actuarial study and determines if the bill should pass Committee for consideration by full House or Senate.
- ⑤ If bill passes one Chamber, House or Senate, the bill is then transmitted to the other Chamber for Committee assignment and recommendation.
- ⑥ If the bill passes both Chambers, the legislation is then sent to the Governor for his signature or veto.

The complete legislative process for retirement legislation is very detailed and is located at [www.trsga.com/Legislation/HowLegislation Works](http://www.trsga.com/Legislation/HowLegislationWorks)).



www.trsga.com



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Legislation

HB 109 by substitute is a non-fiscal bill that was first introduced on February 12th and was amended and heard by the Committee on February 19th. This bill would modify certain conditions of the TRS retirement benefit for those who first become members or who withdraw their accumulated contributions on or after July 1, 2019. This bill would revise the length of time used to calculate the member's final average salary from the current 2 consecutive years to five consecutive years, and receive no more than two increases in compensation during the 5 consecutive years; earnable compensation would not exceed \$200,000, and annually thereafter by an amount equal or lesser of 3 percent or the prior year's annualized rate of inflation as determined by the Board; change the employee contribution rate to a range between 6 and 8.5 percent, as determined annually by the Board; require that a member attain the rule of 85: a member's age plus years of creditable service must add up to 85 in order to apply for retirement; a member who is at least 62 years of age may retire with at least ten years of creditable service; members would not receive creditable service for unused sick leave; and a post-retirement benefit may only be awarded once per year and not exceed the lesser of 3 percent or the prior year's annualized rate of inflation as determined by the Board. Again, these modifications would only apply to those who first become members or who withdraw their accumulated contributions on or after July 1, 2019. ***Withdrawn from General Calendar and recommitted to House Retirement Committee by Rules Committee.***

HB 196 is a non-fiscal bill that would require each public retirement system trustee to complete appropriate education applicable to his or her fiduciary duties and obligations under the public retirement system. ***Passed in the House and the Senate and sent to the Governor for his signature.***

HB 292 is a fiscal bill that would eliminate certain remittances required to be made by the University System of Georgia to the Teachers Retirement System of Georgia. ***Referred for actuarial study by the House Retirement Committee.***

HB 320 is a fiscal bill that would allow certain public employers to employ beneficiaries of the Teachers Retirement System of Georgia in certain capacities and under limited conditions; to require such employers to make employer and employee contributions on behalf of such employed beneficiaries; and to provide for conditions and limitations for beneficiaries who return to service full time as teachers. ***Referred for actuarial study by the House Retirement Committee.***

HB 336 is a fiscal bill that would require certain public employers to make employer and employee contributions to the Teachers Retirement System of Georgia for beneficiaries employed by such certain public employers; and to permit beneficiaries to return to service full time as teachers without affecting their benefits. ***Referred for actuarial study by the House Retirement Committee.***

HB 390 is a fiscal bill that would allow certain members of the Teachers Retirement System of Georgia to obtain creditable service for international teaching service by paying the full actuarial cost of obtaining such creditable service. ***Referred for actuarial study by the House Retirement Committee.***

HB 662 is a fiscal bill that would allow require actuarial investigations for the retirement system to occur at least once in every 3-year period and to provide that the maximum annual assumed rate of return shall not exceed 6.5%. ***Referred for actuarial study by the House Retirement Committee.***

HB 667 is a fiscal bill that would allow require actuarial investigations for the retirement system to occur at least once in every 3-year period; to require the retirement system to use direct rate smoothing for actuarially determined employer contributions to require that certain legacy debt of the retirement system shall be paid by a certain date; and to require that future unfunded accrued liability shall be paid using 15 year amortization periods. ***Referred for actuarial study by the House Retirement Committee.***

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SB 117 by substitute (as amended by the House) is a non-fiscal bill that would prohibit any retirement system from enacting any law, rule, regulation, resolution, or ordinance for creditable service unless the individual is required to pay the full actuarial cost of the service granted. This provision would not apply to credit for service in a retirement system that a member accrues while a contributing member of such system. This bill would not apply to or affect the Georgia Municipal Employees Benefit System or any local retirement system that is not a legislatively controlled retirement system. If enacted, the bill would require persons who become members of the Employees' Retirement System, Teachers Retirement System, Legislative Retirement System and Sheriffs' Retirement Fund on or after July 1, 2019 to pay full actuarial cost for certain creditable service that is already authorized for members. Persons who are members of such systems prior to July 1, 2019 would still be eligible to purchase such creditable service in accordance with current laws. The proposed amendment would authorize any retirement system to adopt a procedure for accepting payments for creditable service. Such procedures could allow members to make equal payments over a period of time, not to exceed 60 months. Currently, persons wishing to purchase creditable service must make a one-time lump sum payment to their respective Board. ***Passed in the Senate, amended by the House and sent back to the Senate, where it currently resides pending action in the 2020 session.***

SB 129 is a fiscal bill that would authorize persons who elected to join the Board of Regents Optional Retirement Plan (ORP) to revoke such election and become a member of the Teachers Retirement System (TRS). This bill would also authorize ORP members to purchase creditable service for some or all prior service earned while participating in the ORP. The amount of creditable service awarded to ORP members would be based upon the amount paid, without creating any actuarial accrued unfunded liability to TRS, provided the amount does not exceed the actual number of service years. ***Did not make it out of the Senate Retirement Committee.***

SB 175 by substitute is a non-fiscal bill that would require certain public employers to make employer and employee contributions to the Teachers Retirement System for employed beneficiaries. ***Passed in the Senate, resides in the House Retirement Committee.***

SB 260 is a fiscal bill that would require actuarial investigations for TRS to occur at least once in every three-year period and to provide that the maximum annual assumed rate of return shall not exceed 6%. An amendment was added that would tie the cost of living adjustments (COLAs) for retirees to the Consumer Price Index (CPI) rather than providing two 1.5% COLAs each year. ***Referred for actuarial study by the Senate Retirement Committee.***