

House Bill 1345

By: Representatives Cummings of the 27<sup>th</sup> and Shanahan of the 10<sup>th</sup>

A BILL TO BE ENTITLED  
AN ACT

1 To amend Title 47 of the Official Code of Georgia Annotated, relating to retirement and  
2 pensions, so as to provide that each local retirement system shall adopt written guidelines and  
3 procedures for the investment of retirement system assets; to provide requirements for such  
4 guidelines; to provide for a waiver of the minimum funding standards for local retirement  
5 systems in cases of severe hardship; to provide requirements therefor; to provide for  
6 reporting and penalties; to change certain references within such title; to repeal conflicting  
7 laws; and for other purposes.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

9 **SECTION 1.**

10 Title 47 of the Official Code of Georgia Annotated, relating to retirement and pensions  
11 systems, is amended by striking in its entirety paragraph (3) of subsection (f) of Code Section  
12 47-1-3, relating to the power of a local retirement system to hire an actuary, payment of the  
13 administrative costs of a local retirement system, periodic actuarial investigations, and an  
14 annual financial report, and inserting in lieu thereof the following:

15 "(3) The certificate of the chairperson of the board of trustees stating that the investment  
16 practices of the fund have been in compliance with the provisions of Article 7 of Chapter  
17 20 of this title and the investment guidelines adopted pursuant to the provisions of  
18 subsection (d) of Code Section 47-1-12 at all times during the reporting period or, if the  
19 practices have at any time been out of compliance with such provisions or guidelines,  
20 providing a description of the noncompliance, the reason for the noncompliance, and the  
21 corrective action taken."

22 **SECTION 2.**

23 Said title is further amended by striking in its entirety subsection (d) of Code Section  
24 47-1-12, relating to investment and reinvestment of assets of local retirement systems,

1 valuation and limitation on investments, and duties of state auditor, and inserting in lieu  
2 thereof the following:

3 ~~"(d) The state auditor shall monitor the investment activity of local retirement systems and~~  
4 ~~shall submit a report to the Governor and the presiding officer of each chamber of the~~  
5 ~~General Assembly describing the effect, if any, changes in investment policy have had on~~  
6 ~~those systems. Such report shall be submitted not later than December 31, 2001. Each local~~  
7 ~~retirement system shall adopt written guidelines and procedures for the investment of~~  
8 ~~retirement system assets. Such written guidelines shall meet all requirements of general law~~  
9 ~~and shall be adopted by ordinance or resolution of the governing authority of the political~~  
10 ~~subdivision maintaining such retirement system. Such guidelines shall, at a minimum,~~  
11 ~~address the investment goals of the retirement system, the authorized investments of system~~  
12 ~~assets, the frequency of evaluation of retirement plan investment returns, and the ratio~~  
13 ~~between fixed income and equity investments of system assets."~~

14 **SECTION 3.**

15 Said title is further amended by striking in its entirety Code Section 47-20-11, relating to  
16 minimum funding causing financial hardship in local retirement systems, and inserting in lieu  
17 thereof the following:

18 "47-20-11.

19 (a) In the case of a retirement system of a political subdivision, if the minimum funding  
20 standards provided by Code Section 47-20-10 would cause a severe financial hardship to  
21 the political subdivision if implemented on January 1, 1984, the political subdivision may  
22 request the state auditor to grant a temporary waiver of such minimum funding standards.  
23 The state auditor shall provide forms for such requests and may require the requesting party  
24 to provide such additional information as the state auditor deems necessary.

25 (b) If the state auditor grants the request for a waiver submitted as provided in subsection  
26 (a) of this Code section, he or she shall authorize the phasing in of such minimum funding  
27 standard, beginning on the date the waiver is approved by the state auditor, over a period  
28 of four years may be phased in beginning on January 1, 1984, for funding the normal cost  
29 and over a period of seven years beginning on January 1, 1984, for funding the total  
30 required minimum employer contribution calculated in accordance with Code Section  
31 47-20-10. Any unfunded actuarial accrued liability resulting from implementation of this  
32 Code section shall be amortized in accordance with the provisions of subparagraph  
33 (a)(2)(D) of Code Section 47-20-10.

34 (c) During such time as the waiver provided for in this Code section is in effect, the  
35 political subdivision shall be required to submit to the state auditor no more frequently than  
36 two times during the political subdivision's fiscal year documentation which the state

1 auditor deems sufficient to allow him or her to monitor the activity of the retirement  
 2 system. Within 60 days after the close of the political subdivision's fiscal year, the  
 3 governing authority of the political subdivision shall certify to the state auditor that the  
 4 minimum annual employer contribution calculated in accordance with the provisions of  
 5 subsection (b) of this Code section was paid to the retirement system. Nothing contained  
 6 in this Code section shall affect the political subdivision's responsibility to comply with  
 7 the biennial reporting requirements contained in Code Section 47-20-21.

8 (d) If a political subdivision fails to comply with the provisions of this Code section during  
 9 such time as an approved waiver is in effect, the provisions contained in subsection (b) of  
 10 Code Section 47-20-21 shall apply. The provisions of this Code section shall not apply to  
 11 any retirement system of a political subdivision which is created or established on or after  
 12 January 1, 1983."

#### 13 **SECTION 4.**

14 Said title is further amended by striking in its entirety subsection (a) of Code Section  
 15 47-20-21, relating to triennial actuarial investigations, penalties for violations shown, and a  
 16 list of local systems not in conformance reported triennially, and inserting in lieu thereof the  
 17 following:

18 "(a) The retirement system administrator of each retirement system of a political  
 19 subdivision shall comply fully with the requirements of Code Section 47-1-3 requiring the  
 20 employment of an actuary and the completion of actuarial investigations once every ~~three~~  
 21 two years. In addition to the other requirements specified by Code Section 47-1-3 for such  
 22 actuarial investigations, each such investigation shall express the actuary's opinion, which  
 23 shall be supported by such analysis as the actuary determines necessary, of the status of the  
 24 retirement system with regard to the minimum funding standards specified in Code Section  
 25 47-20-10. Each such actuarial investigation shall also include an analysis of each change  
 26 in or amendment to the retirement system since the previous investigation and shall identify  
 27 any change or amendment which granted a benefit increase."

#### 28 **SECTION 5.**

29 All laws and parts of laws in conflict with this Act are repealed.