

The Senate Retirement Committee offered the following substitute to SB 156:

A BILL TO BE ENTITLED
AN ACT

1 To amend Article 2 of Chapter 20 of Title 47 of the Official Code of Georgia Annotated,
2 relating to minimum funding standards for public retirement systems, so as to provide that
3 counties, municipal corporations, and other political subdivisions may provide
4 post-employment benefits other than retirement or pension benefits; to define certain terms;
5 to provide that such plans may be prefunded to comply with certain financial reporting,
6 disclosure, and actuarial requirements; to provide that such funds shall be held in trust for the
7 intended purpose; to provide that such funds are declared to be public property exempt from
8 state and local taxation; to provide for related matters; to repeal conflicting laws; and for
9 other purposes.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

11 Article 2 of Chapter 20 of Title 47 of the Official Code of Georgia Annotated, relating to
12 minimum funding standards for public retirement systems, is amended by revising subsection
13 (h) of Code Section 47-20-10, relating to minimum annual employer contributions, as
14 follows:
15

16 "(h) The minimum funding requirements of this Code section shall not apply to
17 prefunding, in whole or in part, of anticipated future costs of providing ~~health care benefits~~
18 ~~and related expenses including, without limitation, provision of all or part of the cost of~~
19 ~~health insurance coverage and health maintenance organization participation costs~~ other
20 post-employment benefits as defined by Governmental Accounting Standards Board
21 Statements Number 43 and Number 45 for retired employees of a political subdivision
22 including those presently retired and those anticipated to retire in the future, as provided
23 in Code Section 47-20-10.1. Such prefunding may be maintained as part of the same
24 investment pool as the fund receiving employer and employee contributions to pay the cost
25 of providing retirement benefits under any retirement system maintained by the political
26 subdivision for its employees so long as such funds are separately accounted for and

1 separate records are maintained with respect to each fund. Funds maintained by a political
 2 subdivision for the purpose of prefunding ~~health care~~ other post-employment benefits for
 3 retired employees may be invested and reinvested in accordance with the provisions of
 4 Code Section 47-1-12, or Article 7 of Chapter 20 of this title, as applicable, and, for the
 5 purposes of that Code section or article and the home rule provisions of the laws and the
 6 Constitution of the State of Georgia only, such funds shall be ~~considered~~ treated in the
 7 same manner as retirement funds."

8 SECTION 2.

9 Said article is further amended by inserting after Code Section 47-20-10 a new Code section
 10 to read as follows:

11 "47-20-10.1.

12 (a) Political subdivisions are authorized to establish plans to provide for payment of other
 13 post-employment benefits, as defined by Governmental Accounting Standards Board
 14 Statements Number 43 and Number 45 for their eligible present and future retirees and
 15 other related expenses as described herein. Such benefits may be prefunded by irrevocable
 16 trusts or other authorized funding mechanisms subject to the financial reporting, disclosure,
 17 and actuarial requirements of Governmental Accounting Standards Board Statements
 18 Number 43 and Number 45 or any subsequent Governmental Accounting Standards Board
 19 updates or statements that may be applicable. Except as otherwise provided under
 20 subsection (c) of this Code section, the plan and assets of any trust or fund so established
 21 may be under the governance and investment authority of a retirement system maintained
 22 by the political subdivision or other board of trustees established for such purpose;
 23 provided, however, that the assets of any other post-retirement benefit plan, trust, or fund
 24 shall be separately accounted for and separate records shall be maintained. The prefunded
 25 amounts shall be available without fiscal year limitations for other post-employment
 26 benefits, as defined by Governmental Accounting Standards Board Statements Number 43
 27 and Number 45, and administration costs. All employer contributions, plan participant
 28 contributions, appropriations, earnings, and reserves for the payment of obligations under
 29 the plan shall be credited to such trust or fund. The amounts remaining in such trust or
 30 fund, if any, after other post-employment benefit expenses and administration costs have
 31 been paid in any year shall be retained in such trust or fund for future payments until the
 32 satisfaction of all plan liabilities under the trust or fund for other post-employment benefits.
 33 All prefunded amounts shall be used solely for the payment of plan benefits and
 34 administrative costs and for no other purpose.

35 (b) Prefunded assets of whatever kind or nature of any other post-employment benefit plan
 36 or trust, and the earnings or proceeds derived from such investments or assets, are limited

1 to paying other post-employment benefits and administrative costs and are declared to be
2 public property and exempt from taxation by this state, or by any political subdivision of
3 this state, and exempt from levy and sale, garnishment, attachment, or any other process
4 whatsoever.

5 (c) Employers who are eligible to participate in the Georgia Municipal Employees Benefit
6 System created by Chapter 5 of this title may establish or participate in an other
7 post-employment benefit plan, trust, or fund under the governance and investment authority
8 of the board of trustees of the Georgia Municipal Employees Benefit System,
9 notwithstanding any provision of this Code section or Code Section 47-20-10 to the
10 contrary. The assets of any such plan, trust, or fund under the governance and investment
11 authority of the board of trustees of the Georgia Municipal Employees Benefit System may
12 be maintained as part of the same investment pool as the system retirement fund and
13 invested pursuant to the applicable provisions of Article 7 of Chapter 20 of Title 47,
14 notwithstanding any provision of subsection (c) of Code Section 47-5-28 to the contrary,
15 so long as the assets of the plan, trust, or fund and the Georgia Municipal Employees
16 Benefit System retirement fund are separately accounted for and separate records are
17 maintained for the plan, trust, or fund and the Georgia Municipal Employees Benefit
18 System retirement fund."

19 **SECTION 3.**

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