

The Senate Retirement Committee offered the following substitute to HB 448:

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 establish two funds for the provision of term life insurance to certain
3 eligible persons; to provide for a retired and vested inactive members fund and an active
4 members fund; to provide for fund assets; to provide for contributions to the fund; to provide
5 for the management and investing of fund assets; to provide for related matters; to provide
6 an effective date; to repeal conflicting laws; and for other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

8 Title 47 of the Official Code of Georgia Annotated, relating to retirement and pensions, is
9 amended by revising subsection (c) of Code Section 47-2-54, relating to payment of state
10 employee contributions on behalf of employees, inclusion if contributions in compensation
11 for determining benefits, and adjustment in compensation of state employees, as follows:
12

13 "(c) Of the one-half of 1 percent deducted from the earnable compensation of members,
14 one-quarter of 1 percent shall be credited to each member's account in the annuity savings
15 fund, and the remaining one-quarter of 1 percent shall be credited to the group term life
16 insurance fund, as provided in Code Section 47-19-10, in lieu of the deduction required
17 under Code Section 47-2-128. If a member is not covered by group term life insurance, the
18 entire one-half of 1 percent deducted from his earnable compensation shall be credited to
19 his individual account in the annuity savings fund."

SECTION 2.

20 Said title is further amended by revising subsection (c) of Code Section 47-2-334, relating
21 to service retirement allowance, calculation, employee membership contributions, employer
22 contributions, optional membership, conditions, and construction of provision, as follows:
23

24 "(c) From and after July 1, 1990, every member subject to this Code section shall
25 contribute employee membership contributions in an amount not less than 1 percent nor

1 greater than 1 1/2 percent of earnable compensation, which shall be deducted by each
 2 employer from the earnable compensation of each member for each and every payroll
 3 period and paid monthly to the board of trustees; provided, however, that any reduction in
 4 such percentage shall be based upon the recommendation of the actuary of the board of
 5 trustees, the maintenance of the actuarial soundness of the fund in accordance with the
 6 standards provided in Code Section 47-20-10 or such higher standards as may be adopted
 7 by the board, and such other factors as the board deems relevant. Of the percentage
 8 deducted from the earnable compensation of members, one-fourth of 1 percent shall be
 9 credited to the group term life insurance fund in lieu of any other deduction therefor, as
 10 provided in Code Section 47-19-10, and the remaining portion shall be credited to the
 11 individual accounts of the members in the annuity savings fund. In the event a member is
 12 not covered by group term life insurance, the entire amount deducted from the member's
 13 earnable compensation shall be credited to the member's individual account in the annuity
 14 savings fund."

15 SECTION 3.

16 Said title is further amended by revising Chapter 19, relating to the State Employees'
 17 Assurance Department, by adding a new Code section to read as follows:

18 "47-19-10.

19 (a) As used in this Code section, the term 'directors' means the board of directors of the
 20 State Employees' Assurance Department.

21 (b) There shall be established two separate trust funds under the control and management
 22 of the directors to be maintained for the provision of group term life insurance for eligible
 23 members of the Employees' Retirement System of Georgia, the Georgia Legislative
 24 Retirement System, and the Georgia Judicial Retirement System as follows:

25 (1) One trust fund shall be known as the 'retired and vested inactive members trust fund,'
 26 which shall be administered in the following manner:

27 (A) There shall be accumulated in the fund the payments made to the trust fund as
 28 premiums received from the Employees' Retirement System of Georgia, the Georgia
 29 Legislative Retirement System, and the Georgia Judicial Retirement System as
 30 premiums for retired and vested inactive members of such retirement funds, as provided
 31 in subsection (c) of this Code section, including interest earned on deposits and
 32 investments of such payments; and

33 (B) All assets of the trust fund and all income, interest, and dividends derived from
 34 deposits and investments shall be used for the payments of benefits and expenses
 35 necessary for the maintaining of survivors benefit coverage. Such benefits and

1 expenses shall in no manner become an obligation of the pension accumulation fund;
2 and

3 (2) One trust fund shall be known as the 'active members fund' which shall be
4 administered in the following manner:

5 (A) There shall be accumulated in the trust fund the payments made to the trust fund
6 as premiums received from the Employees' Retirement System of Georgia, the Georgia
7 Legislative Retirement System, and the Georgia Judicial Retirement System as
8 premiums for active members of such retirement funds, as provided in subsection (c)
9 of this Code section, including interest earned on deposits and investments of such
10 payments; and

11 (B) All assets of the trust fund and all income, interest, and dividends derived from
12 deposits and investments shall be used for the payments of benefits and expenses
13 necessary for the maintaining of survivors benefit coverage. Such benefits and
14 expenses shall in no manner become an obligation of the pension accumulation fund.

15 (c) On or before June 1 of every year, the boards of trustees of each contracting retirement
16 system shall collect contributions from employees and employers, in accordance with the
17 laws governing the individual retirement systems, and shall transmit such funds to the
18 directors. The directors shall deposit such funds in the trust funds established by this Code
19 section in such respective amounts as directed by the actuary for the directors.

20 (d) The directors shall be authorized to contract with the Employees' Retirement System
21 of Georgia for the management and investment of all fund assets and for the provision of
22 actuarial services. Such assets may be commingled with other assets under the control of
23 the Employees' Retirement System of Georgia, but shall be separately accounted for.

24 (e) Any other provision of law to the contrary notwithstanding, employee and employer
25 contributions to the trust funds established by this Code section are irrevocable. The assets
26 of such trust funds are dedicated to providing benefits to active, retired, and vested inactive
27 members and their beneficiaries in accordance with the terms of the plan for group term
28 life insurance. All trust fund assets are protected from creditors of any employer or of the
29 Employees' Retirement System of Georgia, the Georgia Legislative Retirement System,
30 the Georgia Judicial Retirement System, or the State Employees' Assurance Department."

31 **SECTION 4.**

32 Said title is further amended by revising Code Section 47-23-29, relating to survivors
33 benefits, as follows:

34 "47-23-29.

35 (a) Wherever the term 'survivors benefits' is used or referred to in this chapter, it shall be
36 construed to be group term life insurance. Whenever reference is made in this Code

1 section to members of this retirement system, such reference shall include active superior
2 court judges subject to Chapter 8 of this title.

3 (b) Pursuant to the provisions of this Code section and rules and regulations adopted for
4 such purpose, the board of trustees may provide for survivors benefits for members, former
5 members, and retired members of the retirement system; provided, however, that the
6 provisions of this Code section shall apply only to persons who are active members of this
7 retirement system on or after July 1, 2002.

8 ~~(c) There shall be established an additional fund, to be known as the 'survivors benefit~~
9 ~~fund,' which shall be administered in the following manner:~~

10 ~~(1) There shall be accumulated in the survivors benefit fund the payments made to the~~
11 ~~fund as provided in subsection (d) of this Code section, including interest earned on~~
12 ~~deposits and investments of such payments;~~

13 ~~(2) There shall also be accumulated in the survivors benefit fund the payments required~~
14 ~~of retired members and vested former members covered for survivors benefits as~~
15 ~~provided in subsections (g) and (h) of this Code section, together with interest earned on~~
16 ~~such payments; and~~

17 ~~(3) All assets of the survivors benefit fund and all income, interest, and dividends~~
18 ~~derived from deposits and investments shall be used for the payments of benefits and~~
19 ~~expenses necessary for the maintaining of survivors benefit coverage. Such benefits and~~
20 ~~expenses shall in no manner become an obligation of the pension accumulation fund.~~

21 ~~(d)~~(c) Contributions for survivors benefits shall be provided for and administered in the
22 following manner:

23 (1) After notice from the board of trustees, each employer shall cause to be deducted
24 from the earnable monthly compensation of each member ~~the~~ an additional amount
25 established by the board of trustees, but such amount shall not exceed one-half of 1
26 percent of the member's earnable monthly compensation. Such deductions shall be made
27 under the same conditions as set forth in ~~paragraph (2) of subsection (a) of Code Section~~
28 ~~47-3-41~~ 47-23-41. A member's payment for coverage shall vest in the member no rights
29 other than for the period for which the member has paid the required additional
30 contributions into the survivors benefit fund; and

31 (2) There is authorized an employer payment to the fund which shall be a percentage of
32 the earnable monthly compensation of the members of the retirement system. The board
33 of trustees shall establish the rate of such payment, but in no case shall such rate, when
34 added to the members' contributions, exceed 1 percent. Funds for employer payment
35 shall be requested in the same manner as provided in Article 5 of this chapter.

36 ~~(e)~~(d) The board of trustees may adopt any rules or regulations which are not in conflict
37 with this Code section and which it deems necessary in establishing and maintaining the

1 plan of operation, including benefit tables and other provisions of coverage. ~~Such rules and~~
 2 ~~regulations shall include the following:~~

3 ~~(1) A member's payment for coverage shall vest in the member no rights other than for~~
 4 ~~the period for which the member has paid the required additional contributions into the~~
 5 ~~survivors benefit fund;~~

6 ~~(2) A notice by the board of trustees to members that the additional contributions~~
 7 ~~provided for in this Code section will be credited in the future to the individual member's~~
 8 ~~annuity savings account shall suspend any and all survivors benefit coverage then in~~
 9 ~~effect, provided that such action shall be applicable to all members alike and without~~
 10 ~~prejudice to any survivors benefits pending in the case of a then-deceased member; and~~

11 ~~(3) Subsequent to any notice released under paragraph (2) of this subsection, any~~
 12 ~~additional notice made in the same manner and within 12 months of the original notice~~
 13 ~~to the effect that coverage is again available shall reestablish survivors benefits to those~~
 14 ~~members formerly covered and to all new members who are otherwise eligible.~~

15 ~~(f) The board of trustees may determine the date on which the plan for survivors benefit~~
 16 ~~coverage shall be placed into operation. The board of trustees shall notify all employers~~
 17 ~~who, in turn, shall notify the members that additional contributions will commence on the~~
 18 ~~determined date.~~

19 ~~(g)~~(e) The survivors benefits program may provide for a reduction of benefits after the
 20 attainment of a certain age and for a different or no contribution after retirement based on
 21 such reduction in benefits. The board of trustees is authorized to promulgate rules and
 22 regulations to carry out this subsection.

23 ~~(h)~~(f) Any other provisions of this chapter or any rules or regulations to the contrary
 24 notwithstanding, any member who withdraws from service before attaining age 60 but
 25 whose right to a service retirement allowance has vested under Code Section 47-23-102
 26 may continue paying the amount under this Code section which the member was paying
 27 at the time of withdrawing from service, together with the amount of the employer
 28 contribution in effect at the time of such withdrawal, in which case the benefits under this
 29 Code section shall remain fixed at the same amount as they would have been had the
 30 member died on the day immediately preceding the member's withdrawal. Only those
 31 members with at least 18 years of creditable service at the time of withdrawal from service
 32 shall be eligible under this subsection, subject to the provisions of subsection ~~(g)~~(e) of this
 33 Code section."

34 SECTION 5.

35 Said title is further amended by revising Code Section 47-23-30, relating to contract for
 36 group term life insurance protection, as follows:

1 "47-23-30.

2 The board of trustees may provide group term life insurance protection for the members
3 of the retirement system as the survivors benefits program provided for in Code Section
4 47-23-29 by contracting for such service with the board of trustees of the Employees'
5 Retirement System of Georgia for the inclusion of members of this retirement system in
6 the program of group life insurance protection conducted for the benefit of the members
7 of such retirement system. Such contract must provide benefits to those persons entitled
8 to benefits under Code Section 47-23-29. ~~All or any part of funds and other assets~~
9 ~~previously accumulated for the purposes of Code Section 47-23-29 may be used by the~~
10 ~~board of trustees in the execution of this contract.~~ Contributions for such coverage shall
11 be provided for and collected as set forth in subsection ~~(d)~~ (c) of Code Section 47-23-29."

12 **SECTION 6.**

13 This Act shall become effective on June 30, 2007.

14 **SECTION 7.**

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