



DEPARTMENT OF AUDITS AND ACCOUNTS

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April 2, 2007

The Honorable Bill Heath
State Senator
State Capitol, Room 109
Atlanta, Georgia 30334

SUBJECT: State Auditor's Certification
Senate Bill (LC 21 9447)

Dear Senator Heath:

This bill would amend provisions relating to membership and the service retirement allowance under the Employees' Retirement System. Specifically, this bill would provide for employer contributions to be made into a deferred compensation plan for certain members. Such members would then receive a retirement allowance through the Employees' Retirement System at a reduced rate. The provisions of this bill would apply to persons who first become members on or after July 1, 2008, and to persons who again become members on or after such date if the member did not have a vested right to be reinstated in the Employees' Retirement System.

Under the provisions of this bill, all persons affected by this legislation would be required to have an account in the deferred compensation plan offered by the State for public employees. Each employee would be given the option of selecting either the Section 401(k) plan or the Section 457(j) plan. This bill would require the employer for each participant to contribute an amount not greater than 9 percent of the employee's salary into the employee's account. Each employee would have a vested right to the employer contributions immediately upon deposit. This bill specifies that the Board of Trustees for the Employees' Retirement System will administer the provisions of this legislation, and authorizes the Board to establish all necessary rules and regulations.

This bill would also amend provisions relating to the service retirement allowance provided to persons affected by this bill. If this legislation is enacted, such members would receive

retirement benefits equal to 1 percent of their highest average monthly compensation during a period of 24 consecutive calendar months multiplied by the member's years of creditable service. Benefits paid to persons who are already members on June 30, 2008 would continue to be calculated based on 2 percent of their compensation.

This is to certify that this is a fiscal retirement bill as defined in the Public Retirement Systems Standards Law.

Respectfully,

/s/ Russell W. Hinton
State Auditor