



## DEPARTMENT OF AUDITS AND ACCOUNTS

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April 10, 2007

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

SUBJECT: State Auditor's Certification  
Substitute to House Bill 448  
(LC 21 9502S)

Dear Senator Heath:

This bill would amend general provisions relating to group term life insurance, which is under the control and management of the State Employees' Assurance Department. Specifically, this bill would require the department to establish two separate trust funds for group term life insurance. These two funds are:

- The Retired and Vested Inactive Members Trust Fund, and
- The Active Members Fund.

These two funds would be established for eligible members of the Employees' Retirement System, the Georgia Legislative Retirement System, and the Georgia Judicial Retirement System. If this legislation is enacted, the provisions of this bill would become effective on June 30, 2007.

Under the provisions of this bill, the board of directors of the State Employees' Assurance Department would be authorized to contract with the Employees' Retirement System for the purpose of managing and investing of all fund assets and for providing actuarial services. This bill would authorize assets of these trust funds to be commingled with other assets under the control of the Employees' Retirement System. However, the assets of the trust funds must be accounted for separately. This bill would also require the boards of trustees from each contracting retirement system to collect the appropriate employee and employer contributions and remit such funds to the board of directors no later than June 1 of each year. All contributions to the trust funds are irrevocable and are dedicated to providing benefits to

active, retired, and vested inactive members and their beneficiaries.

This bill would also amend provisions relating to ‘survivors benefits’ under the Georgia Judicial Retirement System. Specifically, this bill would delete references to a survivors’ benefits fund which was established for this System. Under the provisions of the proposed legislation, members of the Georgia Judicial Retirement System would be covered under the group term life insurance trust funds managed and controlled by the State Employees’ Assurance Department.

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

Respectfully,

/s/ Russell W. Hinton  
State Auditor