



## DEPARTMENT OF AUDITS AND ACCOUNTS

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March 25, 2009

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

SUBJECT: State Auditor's Certification  
Substitute to House Bill 476  
(LC 21 0459S)

Dear Senator Heath:

This substitute bill would amend provisions relating to the Employees' Retirement System. Specifically, this substitute bill would place requirements on employers who grant salary increases in excess of 5 percent during the 12 months prior to an employee's retirement. Under the provisions of this bill, the employer would be responsible for paying the full actuarial cost of retirement benefits that are due to an employee as a result of the employee receiving a salary increase in excess of 5 percent during the 12 months prior to retirement. This substitute bill would apply for all persons who became members prior to July 1, 2009.

Additionally, this substitute bill would amend provisions relating to the calculation of a service retirement allowance for persons who become employed on or after July 1, 2009 and are covered under the Georgia State Employees' Pension and Savings Plan. If this substitute bill is enacted, the computation of a retirement benefit shall not include a compensation increase in the last 12 months of employment that exceeds five percent. All other provisions currently applicable to the calculation of a retirement allowance would remain in effect.

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This substitute bill would also amend provisions relating to certain law enforcement personnel that are covered under the Employees' Retirement System. Specifically, this bill would authorize the Board of Trustees to increase the normal and accrued liability employer contribution rates for the Georgia Bureau of Investigation, Department of Corrections, and the State Board of Pardons and Paroles to an amount that is actuarially sufficient to fund the employer's cost of the benefits provided for the law enforcement personnel of these departments. Current law already authorizes the Board of Trustees to adjust the rate for the Department of Public Safety, Department of Natural Resources, and the Department of Revenue. Additionally, this bill includes clarifying language relating to death benefits paid to members who are hired on or after July 1, 2007.

Finally, this substitute bill would amend provisions relating to reemployment under the Peace Officers' Annuity and Benefit Fund. Currently, members who qualify for a normal service retirement may continue to receive retirement benefits if they return to work as a peace officer. If this legislation is enacted, persons who first or again become a member of the Fund on or after July 1, 2009 would no longer be eligible to retain their benefits if they become reemployed. This legislation would require the Fund to discontinue benefits for the duration of the reemployment.

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

RWH/cs