

House Bill 933

By: Representatives Epps of the 144th, Peake of the 141st, Randall of the 142nd, Beverly of the 143rd, and Dickey of the 140th

A BILL TO BE ENTITLED
AN ACT

1 To amend an Act entitled "Macon Water Commissioners - Pension Plan," approved
2 December 30, 1953 (Ga. L. 1953, p. 2831), as amended, particularly by an Act approved
3 May 1, 2012 (Ga. L. 2012, p. 5637), so as to modify provisions related to termination of
4 employment before retirement; to modify provisions related to direct rollovers; to repeal
5 conflicting laws; and for other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

8 An Act entitled "Macon Water Commissioners - Pension Plan," approved December 30,
9 1953 (Ga. L. 1953, p. 2831), as amended, particularly by an Act approved May 1, 2012 (Ga.
10 L. 2012, p. 5637), is amended by revising Section 5.7 of Article V, Benefits, of Section 1 as
11 follows:

12 "5.7 TERMINATION OF EMPLOYMENT BEFORE RETIREMENT.

13 (a)(1) In the event a member terminates service with the authority, or in the event the
14 member's service is terminated for any reason other than death or cause for which the
15 member receives benefit payments elsewhere under the plan, the member may elect to
16 receive a severance benefit equal to the member's cumulative employee contributions,
17 plus simple interest credited to the member's contributions annually at the rate of 75
18 percent of the actuarial interest credit in effect during the member's time of service as
19 specified in Section 4.1 of the plan. Such interest credit shall be calculated on employee
20 contributions made by the member through the December 31 coincident with or
21 immediately preceding the member's termination of service. Such payment is in lieu of
22 all other benefits provided under the plan, and shall be the exclusive benefit provided to
23 a member who elects to take his or her severance benefit.

24 (2)(A) Within a reasonable time period following a member's termination of service,
25 a terminated member shall be notified in writing by certified mail, return receipt
26 requested, of his or her option to forego the severance benefit described in paragraph

27 (1) of this subsection and leave the member's employee contributions in the plan's trust
 28 so as to avoid the forfeiture of the member's accrued benefit related to employer
 29 contributions. Except as otherwise provided in subparagraph (B) of this paragraph, the
 30 terminated member shall be afforded a 12 month period, measured from the date of the
 31 member's termination of service, in which to make such election, and in the absence of
 32 an election by the terminated member, at the expiration of such 12 month period, the
 33 authority shall cause the trustee to distribute such severance benefit to the member as
 34 soon as administratively practicable.

35 (B) In the case of a terminated member with an account balance between \$1,000.00
 36 and \$4,999.99, the employer shall deposit such funds into an individual retirement
 37 account on behalf of such member. A terminated member with an account balance of
 38 \$5,000.00 or more, excluding rollover funds, may maintain such member's
 39 contributions in the plan.

40 (b) At the election of the terminated member, a member shall be entitled to receive
 41 actuarially reduced benefits prior to normal retirement age pursuant to this section, on or
 42 after the date the member would have become eligible for early retirement.

43 (c) Payment to a terminated member of the vested portion of the accrued benefit who has
 44 not received a benefit under subsection (a) of this section or commenced the receipt of a
 45 benefit under this section, unless the terminated member otherwise elects, shall begin not
 46 later than the sixtieth day after the close of the plan year in which the later of the following
 47 events occurs: (1) the date on which the member attains normal retirement age; or (2) the
 48 date the member terminates service with the employer.

49 (d) A member shall always be 100 percent vested in his or her own employee
 50 contributions. The vested portion of any member's accrued benefit shall be a percentage
 51 of such member's accrued benefit determined on the basis of the member's number of years
 52 of service according to the following vesting schedule:

Years of Service	Vesting Percentage
Less than five years	0.000%
Five years or more	100.000%

56 If the member's vested portion of the present value of accrued benefit is zero, then the
 57 deemed cashout rule will apply and the member shall be deemed to have received a
 58 distribution of such vested portion; provided, however, that a member's entire interest in
 59 the plan shall be nonforfeitable upon the member's normal retirement age if the member
 60 is an active employee employed by the employer on or after such date.

61 (e) Notwithstanding the provisions of subsection (d) of this section, the vested percentage
 62 of a member's accrued benefit shall not be less than the vested percentage attained as of the

63 later of the effective date or adoption date of this amendment. The computation of a
 64 member's nonforfeitable percentage of such member's interest in the plan shall not be
 65 reduced as the result of any direct or indirect amendment to this article. If the plan's
 66 vesting schedule is amended, then the amended schedule shall apply to those members who
 67 complete an hour of service after the effective date of the amendment.

68 (f) If the plan's vesting schedule is amended, or if the plan is amended in any way that
 69 directly or indirectly affects the computation of the member's nonforfeitable percentage,
 70 then each member with at least three years of service as of the expiration date of the
 71 election period may elect to have such member's nonforfeitable percentage computed under
 72 the plan without regard to such amendment or change. If a member fails to make such
 73 election, then such member shall be subject to the new vesting schedule. The member's
 74 election period shall commence on the adoption date of the amendment and shall end 60
 75 days after the latest of: (1) the adoption date of the amendment, (2) the effective date of the
 76 amendment, or (3) the date the member receives written notice of the amendment from the
 77 employer or administrator."

78 **SECTION 2.**

79 Said Act is further amended by revising Section 5.15 of Article V, Benefits, of Section 1 as
 80 follows:

81 "5.15 DIRECT ROLLOVERS.

82 (a) Notwithstanding any provision of the plan to the contrary that would otherwise limit
 83 a distributee's election under this section, a distributee, or their beneficiary, may elect, at
 84 the time and in the manner prescribed by the administrator, to have any portion of an
 85 eligible rollover distribution paid directly to an eligible retirement plan specified by the
 86 distributee, or their beneficiary, in a direct rollover.

87 (b) As used in this subsection, the term:

88 (1) 'Direct rollover' means a payment by the plan to the eligible retirement plan specified
 89 by the distributee.

90 (2) 'Distributee' includes an employee or former employee. In addition, the employee's
 91 or former employee's surviving spouse and the employee's or former employee's spouse
 92 or former spouse who is the alternate payee under a qualified domestic relations order,
 93 as defined in Code Section 414(p), are distributees with regard to the interest of the
 94 spouse or former spouse.

95 (3) 'Eligible retirement plan' means an individual retirement account described in Code
 96 Section 408(a), an individual retirement annuity described in Code Section 408(b) other
 97 than an endowment contract, a qualified trust, an employees' trust described in Code
 98 Section 401(a) which is exempt from taxation under Code Section 501(a), an annuity plan

99 described in Code Section 403(a), an eligible deferred compensation plan described in
100 Code Section 457(b) which is maintained by an eligible employer described in Code
101 Section 457(e)(1)(A), and an annuity contract described in Code Section 403(b) that
102 accepts the distributee's eligible rollover distribution. However, in the case of an eligible
103 rollover distribution to the surviving spouse, an eligible retirement plan is an individual
104 retirement account or individual retirement annuity. The term shall also apply in the case
105 of a distribution to a surviving spouse or to a spouse or former spouse who is the alternate
106 payee under a qualified domestic relations order, as defined in Code Section 414(p).

107 (4) 'Eligible rollover distribution' means any distribution described in Code Section
108 402(c)(4) and generally includes any distribution of all or any portion of the balance to
109 the credit of the distributee, except that an eligible rollover distribution does not include
110 any distribution that is one of a series of substantially equal periodic payments not less
111 frequently than annually made for the life or life expectancy of the distributee or the joint
112 lives or joint life expectancies of the distributee and the distributee's designated
113 beneficiary, or for a specified period of ten years or more; any distribution to the extent
114 such distribution is required under Code Section 401(a)(9); the portion of any other
115 distribution that is not includible in gross income, determined without regard to the
116 exclusion for net unrealized appreciation with respect to employer securities; and any
117 other distribution reasonably expected to total less than \$200.00 during a year. Any
118 amount that is distributed on account of hardship shall not be an eligible rollover
119 distribution, and the distributee may not elect to have any portion of such a distribution
120 paid directly to an eligible retirement plan."

121 **SECTION 3.**

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