

Senate Bill 336

By: Senators Black of the 8th, Hufstetler of the 52nd, Jones of the 10th and Lucas of the 26th

AS PASSED SENATE

**A BILL TO BE ENTITLED
AN ACT**

1 To amend Article 3 of Chapter 5 of Title 47 of the Official Code of Georgia Annotated,
2 related to retirement plans of the Georgia Municipal Employees Benefit System, so as to
3 permit governing bodies of municipal corporations to enact plans or join a master plan by
4 resolution in addition to ordinance; to provide that in the instance of purchasing additional
5 service credit in a plan or master plan, employee contributions may exceed a certain value
6 of an employee's benefit at the time of the commencement of benefits; to provide that the
7 valuation of benefits under a defined benefit plan shall be made in accordance with certain
8 actuarial assumptions within a plan or master plan; to expand eligibility to join master plans
9 to employers with 16 or more eligible employees; to remove the authority for a municipal
10 corporation to designate a board of trustees for a master plan; to repeal conflicting laws; and
11 for other purposes.

12 **BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:**

13 **SECTION 1.**

14 Article 3 of Chapter 5 of Title 47 of the Official Code of Georgia Annotated, related to
15 retirement plans of the Georgia Municipal Employees Benefit System, is amended by
16 revising Code Section 47-5-40, relating to power of employers to establish retirement plans,
17 benefits under such plans, power to implement such plans by contract, and financing of such
18 plans, as follows:

19 "47-5-40.

20 (a)(1) Each employer is empowered to establish a plan or plans for the provision of
21 retirement or employee benefits for its employees. Such plans shall be enacted by
22 ordinance or resolution of the governing body of a municipal corporation or by a
23 resolution of the governing body of other employers. The ordinance or resolution shall
24 set forth the employees to be covered, the benefits to be provided, and the conditions of
25 the plan. Benefits under the plan may include retirement and employee benefits. A plan

26 for employee benefits may provide for the method of funding such benefits through the
27 use of insurance, self-funding, or otherwise.

28 (2) Any contract between the board of trustees and a member employer which provides
29 a defined benefit plan shall contain a provision that such defined benefits are to be
30 provided, to the extent fixed in such plan, by the employer and that the board of trustees
31 does not guarantee the defined amount.

32 (b) Each employer is further empowered to implement such plan or plans by contract with
33 the board of trustees in accordance with the rules and regulations promulgated by the board
34 of trustees. The contract with the board of trustees shall be executed pursuant to the
35 ordinance or resolution which enacted the plan.

36 (c) Each employer is authorized to make reasonable classifications of employees in its plan
37 and to provide for integration of its plan with social security benefits and with other
38 retirement or pension plans under which certain classes of employees may be entitled to
39 benefits.

40 (d) Each employer is authorized to appropriate funds to provide the benefits under such
41 plan and to pay its respective portion of the administrative costs of the board of trustees in
42 administering the system. ~~In no event shall~~ Except with respect to employee contributions
43 to purchase additional service credit, an employee's contribution under a defined benefit
44 plan shall not exceed 50 percent of the value of such employee's benefit payable from the
45 plan ~~at the earlier of termination of employment or upon~~ commencement of benefits. The
46 valuation of benefits under a defined benefit plan shall be made in accordance with the
47 actuarial assumptions used to determine employer contributions in effect at the time of the
48 determination.

49 (e) Contributions paid by a municipal corporation shall be paid from municipal funds
50 which are on hand or which will be collected in the year the contribution is made and shall
51 not be deemed to create a debt of the municipal corporation."

52 **SECTION 2.**

53 Said article is further amended by revising Code Section 47-5-41, relating to establishment
54 and use of master plans, as follows:

55 "47-5-41.

56 (a)(1) The board of trustees has the power to establish one or more master plans which
57 may be adopted by any employer ~~that, upon the date that it agrees to join the plan, has~~
58 ~~fewer than 16 employees who elect and are qualified for plan participation.~~ The
59 employees to be covered, the retirement and employee benefits to be provided, and the
60 terms and conditions for retirement benefits and other benefits shall be provided in the
61 master plan. A municipal corporation is empowered to adopt such a plan by ordinance

62 or resolution and to execute an agreement with the board of trustees to provide retirement
 63 and employee benefits as provided in the plan ~~and to designate a board of trustees of the~~
 64 ~~plan~~. Other employers shall have the power to adopt such plans by resolution of its
 65 governing body and to execute such agreements. The agreement, plan, and trust entered
 66 into by each member employer shall constitute a separate plan and trust and should be
 67 considered as such by the board of trustees. A master plan providing employee benefits
 68 may provide for the method of funding such benefits through the use of insurance,
 69 self-funding, or otherwise.

70 (2) Any agreement between the board of trustees and a member employer which
 71 provides a defined benefit plan shall contain a provision that such defined benefits are to
 72 be provided, to the extent fixed in the master plan, by the member employer and that the
 73 board of trustees does not guarantee the fixed amount.

74 (b) The board of trustees is empowered to implement such plan by separate agreement
 75 with each employer which has adopted such plan by ordinance or resolution, in accordance
 76 with this chapter and with the rules and regulations promulgated by the board of trustees.
 77 Execution of an agreement between an employer and the board of trustees shall constitute
 78 a contract binding on both parties to provide benefits according to the plan and the terms
 79 set forth in the agreement.

80 (c) The board of trustees is authorized to specify in the master plan reasonable employee
 81 classifications and to provide, where appropriate, for integration of the benefits provided
 82 in the master plan with social security benefits and with other retirement or pension plans
 83 under which certain classes of employees may be entitled to benefits. The board of trustees
 84 shall incorporate into the master plan the provisions authorized in Code Sections 47-5-42,
 85 47-5-43, and 47-5-44, relative to the selection of various plan features.

86 (d) Employers are authorized to appropriate funds to provide the benefits specified in such
 87 master plan and to pay their portion of the administrative costs of the board of trustees in
 88 administering the system. ~~In no event shall~~ Except with respect to employee contributions
 89 to purchase additional service credit, an employee's contribution under a defined benefit
 90 plan shall not exceed 50 percent of the value of such employee's benefit payable from the
 91 plan ~~at the earlier of termination of employment or upon~~ commencement of benefits. The
 92 valuation of benefits under a defined benefit plan shall be made in accordance with the
 93 actuarial assumptions used to determine employer contributions in effect at the time of the
 94 determination.

95 (e) Contributions paid by a municipal corporation shall be paid from municipal funds
 96 which are on hand or which will be collected in the year the contribution is made and shall
 97 not be deemed to create a debt of the municipal corporation."

98

SECTION 3.

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