

AN ACT

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

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

**SECTION 1.**

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

"47-5-40.

(a)(1) Each employer is empowered to establish a plan or plans for the provision of retirement or employee benefits for its employees. Such plans shall be enacted by ordinance or resolution of the governing body of a municipal corporation or by a resolution of the governing body of other employers. The ordinance or resolution shall set forth the employees to be covered, the benefits to be provided, and the conditions of the plan. Benefits under the plan may include retirement and employee benefits. A plan for employee benefits may provide for the method of funding such benefits through the use of insurance, self-funding, or otherwise.

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

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

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

(d) Each employer is authorized to appropriate funds to provide the benefits under such plan and to pay its respective portion of the administrative costs of the board of trustees in administering the system. Except with respect to employee contributions to purchase additional service credit, an employee's contribution under a defined benefit plan shall not exceed 50 percent of the value of such employee's benefit payable from the plan upon commencement of benefits. The valuation of benefits under a defined benefit plan shall be made in accordance with the actuarial assumptions used to determine employer contributions in effect at the time of the determination.

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

## **SECTION 2.**

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

"47-5-41.

(a)(1) The board of trustees has the power to establish one or more master plans which may be adopted by any employer. The employees to be covered, the retirement and employee benefits to be provided, and the terms and conditions for retirement benefits and other benefits shall be provided in the master plan. A municipal corporation is empowered to adopt such a plan by ordinance or resolution and to execute an agreement with the board of trustees to provide retirement and employee benefits as provided in the plan. Other employers shall have the power to adopt such plans by resolution of its governing body and to execute such agreements. The agreement, plan, and trust entered into by each member employer shall constitute a separate plan and trust and should be considered as such by the board of trustees. A master plan providing employee benefits may provide for the method of funding such benefits through the use of insurance, self-funding, or otherwise.

- (2) Any agreement between the board of trustees and a member employer which provides a defined benefit plan shall contain a provision that such defined benefits are to be provided, to the extent fixed in the master plan, by the member employer and that the board of trustees does not guarantee the fixed amount.
- (b) The board of trustees is empowered to implement such plan by separate agreement with each employer which has adopted such plan by ordinance or resolution, in accordance with this chapter and with the rules and regulations promulgated by the board of trustees. Execution of an agreement between an employer and the board of trustees shall constitute a contract binding on both parties to provide benefits according to the plan and the terms set forth in the agreement.
- (c) The board of trustees is authorized to specify in the master plan reasonable employee classifications and to provide, where appropriate, for integration of the benefits provided in the master plan with social security benefits and with other retirement or pension plans under which certain classes of employees may be entitled to benefits. The board of trustees shall incorporate into the master plan the provisions authorized in Code Sections 47-5-42, 47-5-43, and 47-5-44, relative to the selection of various plan features.
- (d) Employers are authorized to appropriate funds to provide the benefits specified in such master plan and to pay their portion of the administrative costs of the board of trustees in administering the system. Except with respect to employee contributions to purchase additional service credit, an employee's contribution under a defined benefit plan shall not exceed 50 percent of the value of such employee's benefit payable from the plan upon commencement of benefits. The valuation of benefits under a defined benefit plan shall be made in accordance with the actuarial assumptions used to determine employer contributions in effect at the time of the determination.
- (e) Contributions paid by a municipal corporation shall be paid from municipal funds which are on hand or which will be collected in the year the contribution is made and shall not be deemed to create a debt of the municipal corporation."

### **SECTION 3.**

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