



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

March 29, 2023

The Honorable Larry Walker, III
State Senator
State Capitol, Room 421-A
Atlanta, GA 30334

SUBJECT: State Auditor's Certification
Amendment to Senate Bill 240 (AM 43 0251)

Dear Senator Walker:

As amended, this bill would add provisions relating to the Public Retirement Systems Investment Authority Law. Specifically, this amendment would define the word 'fiduciary' to mean any retirement system or administrator that:

- Exercises any discretionary authority or control relative to the management or disposition of a retirement system's assets;
- Renders investment advice for a fee or other compensation; or
- Has discretionary authority or control in the management or administration of a retirement system.

Under the provisions of this amendment, fiduciaries would be required to execute their duties solely in the best interest of the plan members and beneficiaries. Fiduciaries would be authorized to delegate investment management decisions to qualified professional investment personnel. However, the fiduciary is still liable if it is determined that investment decisions were not made in the best financial interest of the plan members and beneficiaries.

This amendment would also require each fiduciary to vote and execute all voting proxies solely in the best economic interests or rights of the retirement system, in favor of confidential proxy balloting, and in support of management.

Furthermore, this amendment would require all retirement systems to fully comply with these provisions by November 1, 2023, and must conform any plan documents, contracts, local laws, ordinances, or resolutions that are not in compliance with the provisions of this bill. If enacted, the provisions of this amendment would apply to all retirement systems that receive public funds.

S.B. 240

As amended, this bill would still revise laws relating to social security coverage for employees of the state and political subdivisions of the state. Specifically, this bill would require the Employees' Retirement System (ERS) to identify each political subdivision of this state that does not extend coverage for the benefits of Title II of the Social Security Act to members of the Public School Employees Retirement System (PSERS). The Employees' Retirement System would be required to submit a report to the Chairmen of the House and Senate Retirement Committees which includes the names of all political subdivisions that do not extend this benefit. This report must include the number of people who are impacted. This report must be issued by September 1, 2023.

By January 1, 2024, each political subdivision that currently does not extend such coverage will need to revise their plan to include social security coverage for PSERS members. On and after September 1, 2023, ERS will not be authorized to approve any plan of any political subdivision that does not extend social security benefit coverage to PSERS members.

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

Respectfully,

/s/ Greg S. Griffin

Greg S. Griffin
State Auditor

GSG/cs