

RETIREMENT COMMITTEE PROCESS GUIDE

Retirement Legislation

The General Assembly, under the Constitution, had the duty to create the Public Retirement System Standards Law (Chapter 20 of Title 47), to "assure the actuarial soundness of any retirement or pension system supported wholly or partially from public funds." The Public Retirement System Standards Law defines legislative procedures so that no bill or resolution creating or amending any retirement system is passed without concurrent funding requirements. These procedures are outlined below, but include sending all retirement legislation, before it is introduced, to the Department of Audits and Accounts to determine whether it is a non-fiscal or fiscal retirement bill. The certification must be attached to the bill throughout the duration of the legislative process.

Non-fiscal Bills

A non-fiscal retirement bill is defined as a retirement bill which does not affect the cost or funding factors of a retirement system or a retirement bill which affects those factors but does not grant a benefit increase, create or increase an actuarial accrued liability, or increase the normal cost of the system impacted by the bill.

All non-fiscal retirement bills must be introduced in the first 20 days of either session, but can be considered by the committee at anytime. Any amendment to a non-fiscal retirement bill must have a new actuarial certification, determining that the amendment does not have a fiscal impact. Amendments made to a retirement bill in committee will delay reporting the bill out of committee while waiting on a new certification.

Fiscal Bills

Fiscal retirement bills must be introduced during the first session of the biennium, on any legislative day. The retirement committee meets during the first session, or interim, of the biennium to determine what fiscal bills they wish to consider further. These bills, once perfected, are sent to the actuary for investigation. The actuarial investigation is conducted by a third party actuary who gathers all relevant information and data from the system to determine the cost of the legislation.

The actuarial investigation must include the dollar amount of the actuarial accrued liability, the dollar amount of the normal

cost, the current employer contribution rate, the new employer contribution rate, and the dollar amount increase in the annual employer contribution or the amount necessary to maintain a new system.

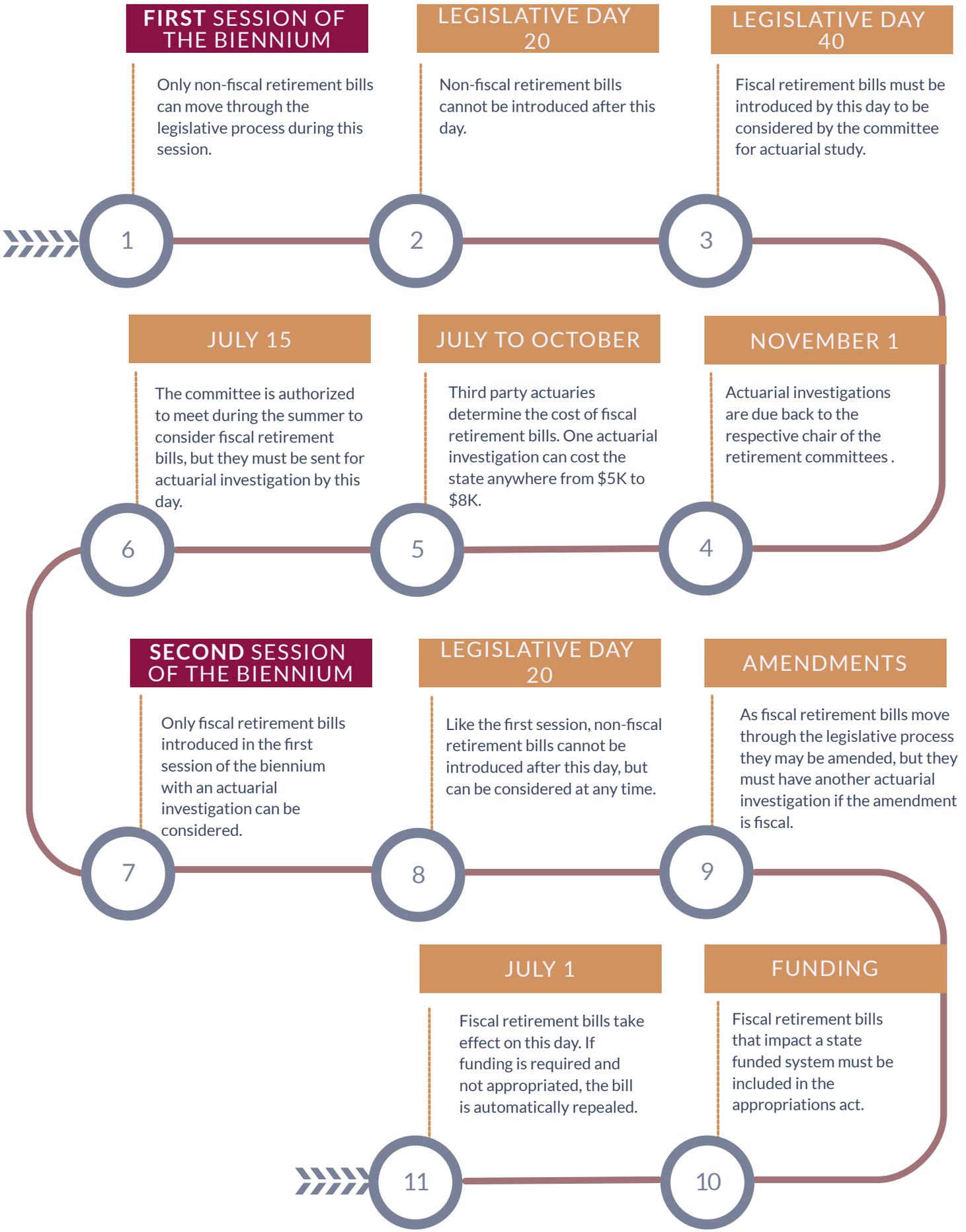
The retirement committee only considers fiscal retirement bills that have received an actuarial study during the second year of the biennium. Any amendment to a fiscal retirement bill must be submitted to the actuary for review. If the amendment is deemed non-fiscal, the amendment is adopted. If the amendment is fiscal, the bill must undergo another actuarial investigation. The amendment may only be adopted if there is a reduction in cost. It typically takes less time to conduct a second actuarial investigation because all relevant information and data has already been collected.

If a fiscal retirement bill impacts a state funded retirement system, the first year cost must be reflected in the appropriations bill, otherwise it will not meet the concurrent funding requirements and will be automatically repealed.

Systems Governed by Title 47

- Employees' Retirement System of Georgia*
- Georgia Judicial Retirement System*
- Georgia Legislative Retirement System*
- Public School Employees Retirement System*
- Georgia Military Pension Fund*
- Teachers Retirement System of Georgia*
- Regents Retirement Plan
- Georgia Firefighters' Pension Fund
- Magistrates Retirement Fund
- Peace Officers Annuity and Benefit Fund
- Sheriffs' Retirement Fund
- Superior Court Clerks' Retirement Fund
- The Judges of Probate Courts Retirement Fund
- Georgia Municipal Employees Benefit System
- The Georgia Defined Contribution Plan

*Systems that are wholly or partially funded by the state, mostly through an employer contribution investment.



FIRST SESSION OF THE BIENNIUM

Only non-fiscal retirement bills can move through the legislative process during this session.

LEGISLATIVE DAY 20

Non-fiscal retirement bills cannot be introduced after this day.

LEGISLATIVE DAY 40

Fiscal retirement bills must be introduced by this day to be considered by the committee for actuarial study.

JULY 15

The committee is authorized to meet during the summer to consider fiscal retirement bills, but they must be sent for actuarial investigation by this day.

JULY TO OCTOBER

Third party actuaries determine the cost of fiscal retirement bills. One actuarial investigation can cost the state anywhere from \$5K to \$8K.

NOVEMBER 1

Actuarial investigations are due back to the respective chair of the retirement committees.

SECOND SESSION OF THE BIENNIUM

Only fiscal retirement bills introduced in the first session of the biennium with an actuarial investigation can be considered.

LEGISLATIVE DAY 20

Like the first session, non-fiscal retirement bills cannot be introduced after this day, but can be considered at any time.

AMENDMENTS

As fiscal retirement bills move through the legislative process they may be amended, but they must have another actuarial investigation if the amendment is fiscal.

JULY 1

Fiscal retirement bills take effect on this day. If funding is required and not appropriated, the bill is automatically repealed.

FUNDING

Fiscal retirement bills that impact a state funded system must be included in the appropriations act.