



Legislative Update

July 13, 2020

2019-20 BIENNIUM SESSION

The 2020 legislative session commenced on January 13, 2020, and concluded on June 26, 2020. Due to protective measures taken concerning COVID-19, this session was suspended for a period of time resulting in an extension of the typical duration.

Retirement legislation introduced in 2019 that has a fiscal impact and was forwarded for actuarial study remained active for the 2020 session. Fiscal bills that were not forwarded for actuarial study have “died in Committee” and were not considered for the remainder of the session. Non-fiscal bills that did not require an actuarial study remained valid.

The House Retirement Committee met for eight hearings and the Senate Retirement Committee met for seven during the second year of this session. Only two bills which would have an impact on Georgia's Teachers Retirement System passed out of their originating committee and were heard on the floor. Each bill subsequently died after crossover in the opposite chamber.

House Bill (HB) 196, which would require each public retirement system trustee to complete appropriate education applicable to his or her fiduciary duties and obligations under the public retirement system, was passed by the House and the Senate and signed by the Governor on May 7, 2019, and became effective July 1, 2019. This bill passed and was signed into law during the first year of the biennium session.

HB 292, which would eliminate the requirement for certain remittances from the University System of Georgia to Teachers Retirement System (TRS), was signed by the Governor on June 29, 2020.

Senate Bill (SB) 294, which would allow Teachers Retirement System to invest up to 5 percent of the fund's assets in certain alternative investments, passed in the Senate and the House and awaits the Governor's signature.

Supporting Legislation

If you are interested in expressing your support for legislation currently being considered, please contact your State Representative or Senator, as the Legislature is responsible for enacting Georgia law. Please visit www.legis.ga.gov for more information.



How a Retirement Bill Becomes Law

- 1 In 1st year, State Representative or Senator introduces legislation.
- 2 Legislation is assigned to Committee (House or Senate depending on the chamber from which the bill is introduced).
- 3 After the Session, Committee determines if the bill should be forwarded for actuarial study.
 - If forwarded for study, legislative process continues.
 - If not forwarded for study, bill dies in Committee.
- 4 In 2nd year, Committee receives actuarial study and determines if the bill should pass Committee for consideration by full House or Senate.
- 5 If bill passes one Chamber, House or Senate, the bill is then transmitted to the other Chamber for Committee assignment and recommendation.
- 6 If the bill passes both Chambers, the legislation is then sent to the Governor for his signature or veto.

The complete legislative process for retirement legislation is very detailed and is located at [www.trsga.com/Legislation/HowLegislation Works](http://www.trsga.com/Legislation/HowLegislationWorks)).



www.trsga.com



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Legislation

HB 109 by substitute is a non-fiscal bill that was first introduced on February 12, 2019 and was amended and heard by the Committee on February 19, 2019. This bill would modify certain conditions of the TRS retirement benefit for those who first become members or who withdraw their accumulated contributions on or after July 1, 2019. This bill would revise the length of time used to calculate the member's final average salary from the current 2 consecutive years to 5 consecutive years, and receive no more than 2 increases in compensation during the 5 consecutive years; earnable compensation would not exceed \$200,000, and annually thereafter by an amount equal or lesser of 3 percent or the prior year's annualized rate of inflation as determined by the Board; change the employee contribution rate to a range between 6 and 8.5 percent, as determined annually by the Board; require that a member attain the rule of 85: a member's age plus years of creditable service must add up to 85 in order to apply for retirement; a member who is at least 62 years of age may retire with at least 10 years of creditable service; members would not receive creditable service for unused sick leave; and a post-retirement benefit may only be awarded once per year and not exceed the lesser of 3 percent or the prior year's annualized rate of inflation as determined by the Board. Again, these modifications would only apply to those who first become members or who withdraw their accumulated contributions on or after July 1, 2019. ***Died in House Committee.***

HB 196 is a non-fiscal bill that would require each public retirement system trustee to complete appropriate education applicable to his or her fiduciary duties and obligations under the public retirement system. ***Passed in the House and Senate. Signed by Governor on May 7, 2019.***

HB 292 is a fiscal bill that would eliminate certain remittances required to be made by the University System of Georgia to the Teachers Retirement System of Georgia. ***Passed in the House and Senate. Signed by Governor on June 29, 2020.***

HB 320 is a fiscal bill that would allow certain public employers to employ beneficiaries of the Teachers Retirement System of Georgia in certain capacities and under limited conditions; to require such employers to make employer and employee contributions on behalf of such employed beneficiaries; and to provide for conditions and limitations for beneficiaries who return to service full time as teachers. ***Died in House Committee.***

HB 336 is a non-fiscal bill that would require certain public employers to make employer and employee contributions to the Teachers Retirement System of Georgia for beneficiaries employed by such certain public employers; and to permit beneficiaries to return to service full-time as teachers without affecting their benefits. ***Passed in the House and Died in Senate Committee.***

HB 390 is a fiscal bill that would allow certain members of the Teachers Retirement System of Georgia to obtain creditable service for international teaching service by paying the full actuarial cost of obtaining such creditable service. ***Died in House Rules.***

HB 662 is a fiscal bill that would allow require actuarial investigations for the retirement system to occur at least once in every 3-year period and to provide that the maximum annual assumed rate of return shall not exceed 6.5 percent. ***Died in House Committee.***

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HB 667 is a fiscal bill that would require actuarial investigations for the retirement system to occur at least once in every 3-year period; to require the retirement system to use direct rate smoothing for actuarially determined employer contributions to require that certain legacy debt of the retirement system shall be paid by a certain date; and to require that future unfunded accrued liability shall be paid using 15-year amortization periods. ***Died in House Committee.***

HB 830 is a non-fiscal bill that would allow Teachers Retirement System of Georgia to increase percentage of alternative investments not to exceed 10 percent of the system's assets at any time. ***Passed in the House and Died in Senate Committee.***

SB 117 by substitute is a non-fiscal bill that would prohibit any retirement system from enacting any law, rule, regulation, resolution, or ordinance for creditable service unless the individual is required to pay the full actuarial cost of the service granted. This provision would not apply to credit for service in a retirement system that a member accrues while a contributing member of such system. This bill would not apply to or affect the Georgia Municipal Employees Benefit System or any local retirement system that is not a legislatively controlled retirement system. If enacted, the bill would require persons who become members of the Employees' Retirement System, Teachers Retirement System, Legislative Retirement System and Sheriffs' Retirement Fund on or after July 1, 2019, to pay full actuarial cost for certain creditable service that is already authorized for members. Persons who are members of such systems prior to July 1, 2019, would still be eligible to purchase such creditable service in accordance with current laws. The proposed amendment would authorize any retirement system to adopt a procedure for accepting payments for creditable service. Such procedures could allow members to make equal payments over a period of time, not to exceed 60 months. Currently, persons wishing to purchase creditable service must make a one-time lump sum payment to their respective Board. ***Died in Senate Rules.***

SB 129 is a fiscal bill that would authorize persons who elected to join the Board of Regents Optional Retirement Plan (ORP) to revoke such election and become a member of the Teachers Retirement System (TRS). This bill would also authorize ORP members to purchase creditable service for some or all prior service earned while participating in the ORP. The amount of creditable service awarded to ORP members would be based upon the amount paid, without creating any actuarial accrued unfunded liability to TRS, provided the amount does not exceed the actual number of service years. ***Died in Senate Committee.***

SB 175 by substitute is a non-fiscal bill that would require certain public employers to make employer and employee contributions to the Teachers Retirement System for employed beneficiaries. ***Passed in the Senate and Died in House Committee.***

SB 294 is a non-fiscal bill that would allow Teachers Retirement System to invest up to 5 percent of the fund's assets in certain alternative investments. ***Passed in the Senate and House. Awaits Governor's signature.***