



Legislative Update

May 1, 2023



How a Retirement Bill Becomes Law

2023-24 Biennium Session

The 2023 legislative session commenced on January 9, 2023, and concluded on March 29, 2023. This concludes the first of the two-year (2023 - 2024) biennium session. While no bills passed that would fiscally impact the retirement system during this session, there are a couple of bills that were introduced that could have such an effect.

Retirement legislation introduced in 2023 that has a fiscal impact and was forwarded for actuarial study remained active for the 2024 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 Georgia Constitution contains several provisions relating to retirement legislation, which require that retirement bills be treated differently from other legislation. In Georgia, each bill having a fiscal (monetary) impact on a public retirement system such as TRS must be funded in the year it is enacted. In TRS, both the employee and the employer pay monthly into the retirement fund to pay for the employee’s retirement benefits. This “pay as you work” system ensures that future benefits are already paid for and do not depend on future appropriations. Thus, any bill that increases the liability of the retirement system must be funded “up front.” This ensures the fiscal stability of the retirement system.

The House Retirement Committee convened for four hearings during the first year of the biennium session. House bill (HB) 335 was introduced which would permit certain employees who would otherwise be required to be members of the Public School Employees Retirement System (PSERS) to make an irrevocable election to become members of TRS. HB 481 provides direction to fiduciaries and qualified professional investment personnel to invest retirement assets solely in the financial interest of participants and their beneficiaries.

The Senate Retirement Committee assembled for five hearings during the first year of the biennium session. Senate Bills (SB) 206 and 240 would allow certain social security coverage for all employees who are members of PSERS within political subdivisions. However SB 240 would give some charter school employees the choice to opt into a 401(k) or TRS and raise ERS’s allowable percentage of alternative investments. SB 266, similarly to HB 481, also gives guidelines for fiduciaries to invest retirement assets solely in the financial interests of participants and their beneficiaries.

Please see page 2 for a summary of legislation that has been introduced that could affect TRS.

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.

In 1st year, State Representative or Senator introduces legislation.

Legislation is assigned to Committee (House or Senate depending on the chamber from which the bill is introduced).

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.

In 2nd year, Committee receives actuarial study and determines if the bill should pass Committee for consideration by full House or Senate.

If bill passes one Chamber, House or Senate, the bill is then transmitted to the other Chamber for Committee assignment and recommendation.

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.



www.trsga.com



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Legislation

Please see the following for a summary of legislation that has been introduced that could affect TRS.

The following bills were introduced to the Georgia State Auditor and if declared “actuarial”, were submitted to our actuary for review:

HB 335 is a fiscal bill that would permit certain persons who would otherwise be required to be members of the Public School Employees Retirement System (PSERS) upon employment to make an irrevocable election to become members of the Teachers Retirement System of Georgia (TRS). Upon becoming a member, he or she shall begin making employee contributions to TRS. Existing contributing members of PSERS shall also have the option to make an irrevocable election to become a member of Teachers Retirement System of Georgia. ***Assigned to the House of Representatives Retirement Committee.***

HB 481 provides specifications to fiduciaries and their duties to invest retirement assets solely in the financial interest of participants and their beneficiaries. This would prohibit investment activities that would promote social, political, or ideological interests. Fiduciaries would also be liable for any responsibilities delegated to professional investment personnel. Fiduciaries would be held responsible if the delegation is proven to be based upon influences other than the financial interest of participants and their beneficiaries. ***Assigned to the House of Representatives Retirement Committee.***

SB 206 is a fiscal bill that would require certain social security coverage for all employees who are members of PSERS. Employees would become eligible based on submissions and approvals by their governing political subdivision. In the event coverage is not extended to employees of PSERS by a certain date, the plan for the political subdivision shall be amended to provide coverage to current and future employees. ***Assigned to the Senate Retirement Committee.***

SB 240 by substitute also is a fiscal bill that would require certain social security coverage for all PSERS members. Additional language was added to the bill to allow some charter schools to choose to offer an alternative plan to TRS for new employees effective July 1, 2023. This additional language also proposes to raise the total percentage allowable for alternative investments by the Employees Retirement System. ***Initially passed by the Senate Retirement Committee and House of Representatives Retirement Committee; Disagreement on Amendment.***

SB 266 by substitute presents the same proposed legislation as HB 481. This bill provides specifications to fiduciaries and their duties to invest retirement assets solely in the financial interest of participants and their beneficiaries. This would prohibit investment activities that would promote social, political, or ideological interests. Fiduciaries would also be liable for any responsibilities delegated to professional investment personnel. Fiduciaries would be held responsible if the delegation is proven to be based upon influences other than the financial interest of participants and their beneficiaries. ***Passed by the Senate Retirement Committee; Assigned to the House of Representatives Retirement Committee.***