

House Bill 667

By: Representatives Martin of the 49th, Powell of the 171st, Jasperse of the 11th, and Harrell of the 106th

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 3 of Title 47 of the Official Code of Georgia Annotated, relating to the
2 Teachers Retirement System of Georgia, so as to require actuarial investigations for the
3 retirement system to occur at least once in every three-year period; to provide that the
4 maximum annual assumed rate of return shall not exceed 6 percent; to require the retirement
5 system to use direct rate smoothing for actuarially determined employer contributions; to
6 require that certain legacy debt of the retirement system be paid by a certain date; to require
7 that future unfunded actuarial accrued liability shall be paid using 15 year amortization
8 periods; to provide for related matters; to provide conditions for an effective date and
9 automatic repeal; to repeal conflicting laws; and for other purposes.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

11 **SECTION 1.**

12 Chapter 3 of Title 47 of the Official Code of Georgia Annotated, relating to the Teachers
13 Retirement System of Georgia, is amended by revising Code Section 47-3-23, relating to
14 designation and duties of an actuary for the board of trustees, periodic actuarial investigation
15 and recommendations, calculation tables and regular interest rate, and annual valuation, as
16 follows:

17 "47-3-23.

18 (a) The board of trustees shall designate an actuary who shall be the technical adviser of
19 the board of trustees on matters regarding the operation of the funds created by this chapter
20 and who shall perform such duties as are required in connection therewith.

21 (b) ~~From time to time, but at least once in every five-year period~~ At least once in every
22 three-year period, the actuary shall make an actuarial investigation into the mortality,
23 service, and compensation experience of the members and beneficiaries of the retirement
24 system and recommend for adoption by the board of trustees, mortality, service, and other
25 tables needed in the operation of the retirement system. Taking into account the results of
26 such investigations, the board of trustees from time to time shall adopt for the retirement

27 system such mortality, service, and other tables as it shall deem necessary for use in all
28 calculations required in connection with this retirement system. The board of trustees shall
29 also determine from time to time the rates of regular interest for use in all calculations
30 required in connection with the retirement system, limited to a minimum of 2 percent.

31 (c) On the basis of regular interest and the tables last adopted by the board of trustees, the
32 actuary shall make annual valuations of the contingent assets and liabilities of the
33 retirement system.

34 (d)(1) The maximum annual assumed rate of return utilized by the retirement system for
35 any determination of normal cost, actuarial accrued liability, actuarial value of assets,
36 actuarial present values, or actuarial valuation, as such terms are defined by Code
37 Section 47-20-3, shall not exceed 6 percent.

38 (2) On and after July 1, 2020, the retirement system shall employ three-year direct
39 interest rate smoothing for actuarially determined employer contributions.

40 (e)(1) The unfunded actuarial accrued liability related to legacy debt for the retirement
41 system that was in existence on July 1, 2019, shall be paid by July 1, 2037.

42 (2) Amortization schedules for any unfunded actuarial accrued liability that accrues after
43 July 1, 2020, shall not exceed 15 years."

44 **SECTION 2.**

45 This Act shall become effective on July 1, 2020, only if it is determined to have been
46 concurrently funded as provided in Chapter 20 of Title 47 of the Official Code of Georgia
47 Annotated, the "Public Retirement Systems Standards Law"; otherwise, this Act shall not
48 become effective and shall be automatically repealed in its entirety on July 1, 2020, as
49 required by subsection (a) of Code Section 47-20-50.

50 **SECTION 3.**

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