

SENATE BILL 1647

By Watson

AN ACT to amend Tennessee Code Annotated, Title 9, Chapter 4, Part 10; Title 9, Chapter 4, Part 11 and Title 9, Chapter 4, Part 12, relative to pension stabilization reserve trusts.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 9-4-1001, is amended by deleting all language following the third sentence and substituting instead the following:

The trust fund shall be an irrevocable trust exclusively for the benefit of the participants and beneficiaries of the Hybrid Retirement Plan for State Employees and Teachers compiled in title 8, chapter 36, part 9. The assets of the trust fund shall be preserved, invested, and expended solely pursuant to and for the purposes of this part and shall not be loaned or otherwise transferred or used for any other purpose. It shall be impossible, at any time prior to the satisfaction of all liabilities with respect to employees and their beneficiaries under the Hybrid Retirement Plan for State Employees and Teachers and this trust, for any part of the corpus or income of the trust to be used or diverted for purposes other than for the exclusive benefit of the employees or their beneficiaries.

The attorney general and reporter shall approve the terms of the trust instrument.

SECTION 2. Tennessee Code Annotated, Section 9-4-1003(b), is amended by adding the following new sentence at the end of the subsection:

The assets of the trust may also be co-invested in a group trust in accordance with § 8-37-104(f).

SECTION 3. Tennessee Code Annotated, Section 9-4-1004, is amended by deleting the second sentence of subsection (a) and substituting instead the following:

If in any given year, the total amount in an employer's employer reserve account established pursuant to § 8-36-920(e) is not sufficient to meet the actuarial liabilities for which the employer's employer reserve account was created, then the board of trustees of the Tennessee consolidated retirement system shall certify to the trustees of the trust the amount necessary to fund current benefits as determined by the actuarial valuation performed by the retirement system's actuary.

SECTION 4. Tennessee Code Annotated, Section 9-4-1102, is amended by deleting all language following the third sentence and substituting instead the following:

The trust fund shall be an irrevocable trust exclusively for the benefit of state employees who are members of the legacy plan. The assets of the trust fund shall be preserved, invested, and expended solely pursuant to and for the purposes of this part and shall not be loaned or otherwise transferred or used for any other purpose. It shall be impossible, at any time prior to the satisfaction of all liabilities with respect to state employees and their beneficiaries under the legacy pension plan and this trust, for any part of the corpus or income of the trust to be used or diverted for purposes other than for the exclusive benefit of the state employees or their beneficiaries. The attorney general and reporter shall approve the terms of the trust instrument.

SECTION 5. Tennessee Code Annotated, Section 9-4-1104(b), is amended by adding the following new sentence at the end of the subsection:

The assets of the trust may also be co-invested in a group trust in accordance with § 8-37-104(f).

SECTION 6. Tennessee Code Annotated, Section 9-4-1202, is amended by deleting all language following the third sentence and substituting instead the following:

The trust fund shall be an irrevocable trust exclusively for the benefit of teachers who are members of the legacy plan. The assets of the trust fund shall be preserved, invested, and expended solely pursuant to and for the purposes of this part and shall not be loaned or otherwise transferred or used for any other purpose. It shall be impossible, at

any time prior to the satisfaction of all liabilities with respect to teachers and their beneficiaries under the legacy pension plan and this trust, for any part of the corpus or income of the trust to be used or diverted for purposes other than for the exclusive benefit of the teachers or their beneficiaries. The attorney general and reporter shall approve the terms of the trust instrument.

SECTION 7. Tennessee Code Annotated, Section 9-4-1204(b), is amended by adding the following new sentence at the end of the subsection:

The assets of the trust may also be co-invested in a group trust in accordance with § 8-37-104(f).

SECTION 8. If any provision of this act or the application of any provision of this act to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of the act that can be given effect without the invalid provision or application, and to that end, the provisions of this act are declared to be severable.

SECTION 9. This act shall take effect upon becoming a law, the public welfare requiring it.