

House Bill 761

By: Representatives Riley of the 50th, Battles of the 15th, Wilkerson of the 38th, Greene of the 151st, Buckner of the 137th, and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 20 of Title 47 of the Official Code of Georgia Annotated, relating to the
2 Public Retirement Systems Standards Law, so as to change references to certain
3 Governmental Accounting Standards Board Statements relative to the definition of annual
4 required contribution; to repeal conflicting laws; and for other purposes.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

6 **SECTION 1.**

7 Chapter 20 of Title 47 of the Official Code of Georgia Annotated, relating to the Public
8 Retirement Systems Standards Law, is amended by revising paragraph (10) of Code Section
9 47-20-3, relating to definitions relative to the Public Retirement Systems Standards Law, as
10 follows:

11 "(10) 'Annual required contribution' means the annual required contribution determined
12 in accordance with ~~the requirements of Governmental Accounting Standards Board~~
13 ~~Statements No. 25 and No. 27 or any subsequent applicable Governmental Accounting~~
14 ~~Standards Board statements~~ accepted actuarial procedures as prescribed by the Actuarial
15 Standards Board of the American Academy of Actuaries."

16 **SECTION 2.**

17 Said chapter is further amended by revising subsections (b), (c), and (d) of Code Section
18 47-20-10, relating to the minimum annual employer contribution, as follows:

19 "(b) In the case of a retirement system which uses a formula related to the compensation
20 of the members of the retirement system as a basis for the calculation of benefits under the
21 retirement system, the amortization amounts required by subsection (a) of this Code
22 section, except for the amount determined under paragraph (3) of subsection (a) of this
23 Code section, may be determined as a level percentage of future compensation. If such
24 level percentage amortization is used, the actuarial assumption for future annual payroll
25 growth shall not exceed the actuarial assumed valuation interest rate of the retirement

26 system less 2 1/2 percent. The minimum standards provided by subsection (a) of this Code
27 section are deemed to have been met if such level percentage amortization is used and the
28 employer contribution is equal to or greater than the annual required contribution as is
29 determined in accordance with ~~the provisions of Governmental Accounting Standards~~
30 ~~Board Statements No. 25 and No. 27~~ accepted actuarial procedures as prescribed by the
31 Actuarial Standards Board of the American Academy of Actuaries.

32 (c) In the case of a retirement system which does not use a formula related to the
33 compensation of the members of such retirement system as a basis for the calculation of
34 benefits under such retirement system, the minimum funding standards provided for in
35 subsection (a) of this Code section shall be deemed to have been met if the employer
36 contribution is equal to or greater than the annual contribution as determined in accordance
37 with ~~the provisions of Governmental Accounting Standards Board Statements No. 25 and~~
38 ~~No. 27~~ accepted actuarial procedures as prescribed by the Actuarial Standards Board of the
39 American Academy of Actuaries.

40 (d)(1) The minimum funding standards provided for in subsection (a) of this Code
41 section shall be deemed to have been met if as of the latest actuarial valuation a
42 retirement system has a negative unfunded actuarial accrued liability and the employer
43 contribution is equal to or greater than the annual required contribution as determined in
44 accordance with ~~the provisions of Governmental Accounting Standards Board Statements~~
45 ~~No. 25 and No. 27~~ accepted actuarial procedures as prescribed by the Actuarial Standards
46 Board of the American Academy of Actuaries; provided, however, that in no case shall
47 the negative unfunded actuarial accrued liability be amortized over a period of less than
48 ten years. If a retirement system has such a negative unfunded actuarial accrued liability,
49 the amounts necessary to amortize under paragraphs (2), (3), and (4) of subsection (a) of
50 this Code section established prior to the current actuarial valuation date will be
51 considered to be fully amortized under the minimum funding standards provided by
52 subsection (a) of this Code section.

53 (2) In any actuarial valuation subsequent to the valuation in which a retirement system
54 is found to have complied with the provisions of paragraph (1) of this subsection, if the
55 retirement system still has a negative unfunded actuarial accrued liability, the only
56 amortization required under such minimum funding standards will be an amortization of
57 the negative unfunded actuarial accrued liability over a period of not less than ten years
58 of the actuarial accrued liability. For any such subsequent actuarial valuations, whenever
59 the retirement system again has an unfunded actuarial accrued liability, the minimum
60 standards provided by subsection (a) of this Code section shall apply with new amounts
61 necessary to amortize the newly created unfunded actuarial accrued liability."

62

SECTION 3.

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