



December 24, 2020

Ms. Eli Niepoky, Chair  
Board of Trustees  
Employees' Retirement System of Georgia

Dear Chair Niepoky:

As we approach the end of 2020, our attention now turns towards two important upcoming meetings of the Board of Trustees (Board). At those meetings, the Board will consider whether to grant a post retirement benefit adjustment in the form of a cost-of-living adjustment (COLA) and whether to adjust the Actuarially Determined Employer Contribution Rate (ADEC) to include the cost of the COLA. The quality of life for thousands of retired state employees will either be stabilized or will continue a decade long decline.

While we share the Board's interest in ensuring the long-term viability of the Employees' Retirement System Funds (Fund) for future retirees, it is well past time for the Board to give equal focus to their responsibility to ensure that the current retirees' purchasing power and quality of life is not diminished. As stated in Section 47-2-29(a) of the Official Code of Georgia Annotated (Code), the Board is authorized to adopt a method of providing for post-retirement benefit adjustment for the purpose of maintaining essentially no less purchasing power for a beneficiary in his post retirement years. Whenever I mention this section of the Code, I usually get the rebuttal that it must be in an actuarially sound manner. The Board has the ability to make it actuarially sound by simply including the cost of the Cola in the ADEC calculation as it did for 40 years straight until 2009.

State revenues are rising month after month along with other positive signs of an improving economy (new jobs created, new economic developments, etc.) . Severe budget cuts were not needed to balance the state budget. The stock market is at an all-time high contributing to exceptional gains in the Fund and its funded liabilities. Most importantly two vaccines have been approved and are on their way. There is a light at the end of the tunnel, and it is getting brighter and brighter with each passing month.

Now is the time for the Board to ensure that the State of Georgia fulfills its' long overdue responsibility to retired state employees by voting yes to reinstating the annual 3% COLA and to adjust the ADEC accordingly.

I regret that we have not had the opportunity to discuss these issues in person or at one of the Board meetings. I would welcome the opportunity via Zoom to discuss these matters more fully at the February Board meeting. I ask that I be included in the agenda for the Board's February meeting.

Sincerely,

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