



**DON'T MISS THIS
IMPORTANT MEETING**

The Georgia State Retirees Association (GSRA) membership Annual Meeting has been scheduled for October 15, 2008 from 1:00 pm to 4:30 pm. Recognizing the creation of several new local chapters south of Atlanta,

**MARK YOUR CALENDAR FOR THE
GSRA ANNUAL MEETING**

the meeting will be held in Macon this year—at Central Georgia Technical College.

You will receive a notice (via the internet or US postal service) that will provide directions to the College and other information about the meeting.

PRESIDENT'S MESSAGE

GSRA is experiencing a significant spurt in interest in membership. This interest is directly attributable to the Employees Retirement System (ERS) Board's decision to reduce the July and January COLAs by one-third (from 1.5% to 1%) and the introduction of "GSRA Local Chapters."

Greensboro, Blue Ridge, Rome and Athens. Local chapters are not necessarily limited to county or city boundaries. Some chapters will cover several counties. The most important function of a local chapter is to give retirees in a geographic area a unified voice to present their concerns to their elected officials.

Local Chapters

A Local Chapter wants you! See www.MyGSRA.com for a list of approved and emerging chapters or guidelines for organizing a chapter

The first local chapter to be formed was in Valdosta. Using it as a model, the GSRA Board developed recom-

mended local chapter by-laws and budgeted funds for local chapters' start-up expenses. Since the formation of the Valdosta Chapter in the spring, the following chapters have either started or are in various stages of getting started: Waycross, Thomasville, Albany, Douglas,

As soon as each local chapter selects officers, adopts by-laws, and establishes an email address for the local chapter, GSRA will post the information on the GSRA website. You are encouraged to contact any local chapter near you and begin participating with other retirees. Or if a local chapter is not near you, consider contacting retirees in your area and forming a local chapter. We anticipate that when the local chapters meet, the local Senators and Representatives will be interested in hearing their constituents' concerns, including matters that affect retirees.

Claude Vickers

NEW ERS EXECUTIVE DIRECTOR APPOINTED

The Board of Trustees for the Employees Retirement System of Georgia appointed Pamela Pharris to the position of Executive Director of ERS effective July 2, 2008.

Pharris joins the ERS with more than 20 years of experience in retirement planning. Her expertise includes Defined Benefit Plans, Defined Contribution Plans and Health Plans. Pharris managed client accounts for over \$70 million for Hewitt—a global human resources consulting firm—for 8 years. In this role she assisted clients with plan designs, administration, and compliance,

customer service, financial planning, acquisitions and total rewards. Her experience prior to Hewitt was with the Georgia-Pacific Corporation and SunTrust Banks where she managed the Pension and Defined Contribution plans.

Pharris is a Stockbridge, Georgia native and holds a BA degree from Clayton State College and University.

See the ERS website: www.ersga.org for additional information about the financial condition of ERS, COLAs, plus other news.

STATE HEALTH BENEFIT PLAN SELECTS UNITED HEALTHCARE AND CIGNA AND DESELECTS BLUECROSS BLUESHIELD AND KAISER

The Department of Community Health (DCH) reaffirmed the SHBP Strategy in May 2008 to streamline administration and focus on consumerism by announcing the selection of United Healthcare (UHC) and CIGNA as the two vendors that will offer options to SHBP members effective January 1, 2009. **This selection means that all options that are currently offered by BlueCross BlueShield (BCBS) will be terminated as of December 31, 2008. In addition, the Kaiser option will be extended until December 31, 2009—one year—to facilitate movement to new medical providers.**

DCH staff reports that UHC and CIGNA presented the best proposals for providing members with statewide access to healthcare providers. DCH also required the selected vendors to have advanced healthcare technology, superior claims and customer service capabilities, innovative wellness programs and associated member incentives and comprehensive Medical Management and Disease State Management programs.

The vendor selection reflects the DCH's publicized objective to streamline options and to encourage members to select consumer driven plans, such as UHC Definity or a qualified High Deductible Health Plan. As a result of this procurement, savings are projected at \$754 million over a 5-year period and are reportedly a result of improvements in administrative fees, pharmacy reimbursement and provider networks.

During the upcoming Retiree Option Change Period, all members regardless of where they reside, will have the choice of UHC and CIGNA provided options as follows:

- Consumer Driven Plan with an HRA
- Qualified High Deductible
- HMO
- PPO.

Retiree Meetings will be held from August 19, 2008 through October 13, 2008. DCH will send you a schedule of the meetings. You are encouraged to review the information and attend a meeting if you need additional information. The Retiree Option Change Period is October 10 through November 10, 2008.

This means that every member will have a choice between a minimum of eight (8) options, which is more than most employers provide to their employees. In addition, retirees with Medicare will have the option of enrolling in a Medicare Advantage Plan.

DCH states that 97% of the 79,600 members (plus 97,700 dependents) who are currently enrolled in one of the BCBS options will not be required to change providers since these same providers are contracted by UHC or CIGNA. On the other hand, DCH has extended the contract with Kaiser for one year to allow the current 21,200 members (plus 21,300 dependents) time to find new health care providers.

Kaiser has released information to the Kaiser members that the company hopes that members will allow them to continue to provide medical care through 2009 while Kaiser continues to work with the DCH about this decision. Should the members be required to change providers, they will have time to change during the summer or fall of 2009.

The following table shows the enrollment by option, which reflects the magnitude of the change required on January 1, 2009. If currently enrolled members in the BCBS options make no selection during the Change Period, they will be automatically transferred to the UHC HRA (known as Definity). So please review the material carefully.

SHBP Membership By Option-July 2008

Option	Active Members	Retired Under 65 Members	Retired Over 65 Members	Total Members	Total including Dependents	Percentage
UHC PPO	91,876	23,225	41,935	157,036	270,102	39.1%
UHC HMO	70,230	5,016	2,025	77,271	177,763	25.8%
Kaiser	18,089	1,795	1,304	21,188	43,087	6.2%
BCBS HMO	67,212	4,082	2,528	73,822	165,932	24.0%
BCBS HRA (CDHP)	4,624	695	372	5,691	10,867	1.6%
UHC HRA (CDHP)	6,064	1,050	589	7,703	15,018	2.2%
High Deductible	903	93	60	1,056	1,886	.3%
Indemnity	834	1,053	2,467	4,354	5,785	.8%
Totals	259,832	37,009	51,280	348,121	690,440	100.0%

ERS ACTUARIAL REPORT RECEIVED

In the June issue of the GSRA Newsletter, an article reported that the Board of Trustees for the Employees Retirement System (ERS) approved a 1% pension adjustment for July 2008 and a 1% adjustment for January 2009. In essence, state retirees will receive two-thirds of the adjustment received by retirees of all other state-sponsored pension plans. Inequitable treatment for this one-third of retirees continues for the second year.

The Board of Trustees stated that the reduced adjustment is a result of the reduced “funded ratio” to 93% as of June 2007. As reflected in the [ERS analysis](#), the funded ratio has declined by 11% from a high of 104.0% in 2000 to 93%, just seven years later. While there are various analyses on the ERS website about the financial condition of the ERS, the actuarial reports demonstrate that several factors are negatively impacting the funded ratio. The fact remains, however, that the main reason for the reduction in the funded ratio is the reduction in the State’s contribution rate from 14.5% to 10.41%--a reduction of almost one-third.

On June 30, 2008, actuaries from Cavanaugh Macdonald presented the actuarial report for the period ending June 30, 2007. The cover letter states, “The

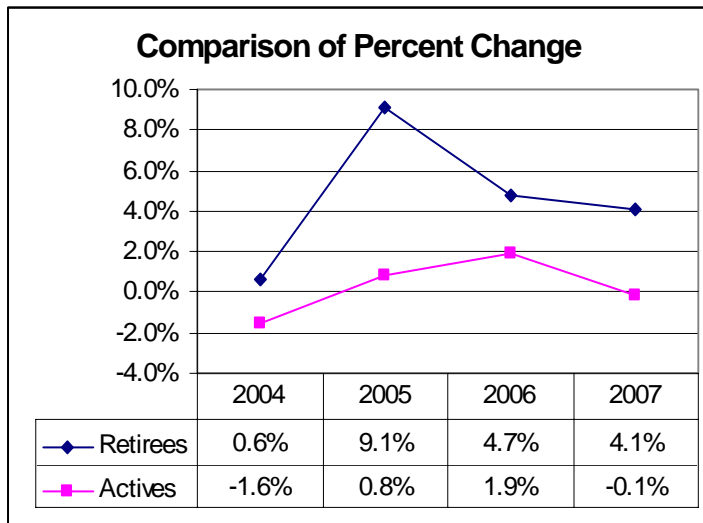
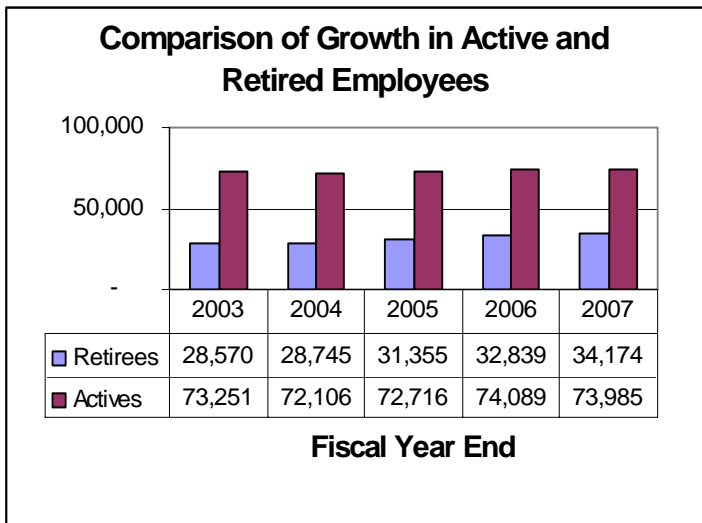
valuation reflects a 1.5% Ad Hoc COLA effective July 1, 2007, a 0.5% Ad Hoc COLA effective January 1, 2008 and semi-annual 1% COLAs effective through January 1, 2010.” However, the letter also included the following paragraph:

“Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements. . . and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.”

It is clear from the above paragraph that the results of the combined defined benefit and defined contribution plan that was approved by Act 757 of the 2008 Session is not included in the 2007 actuarial report.

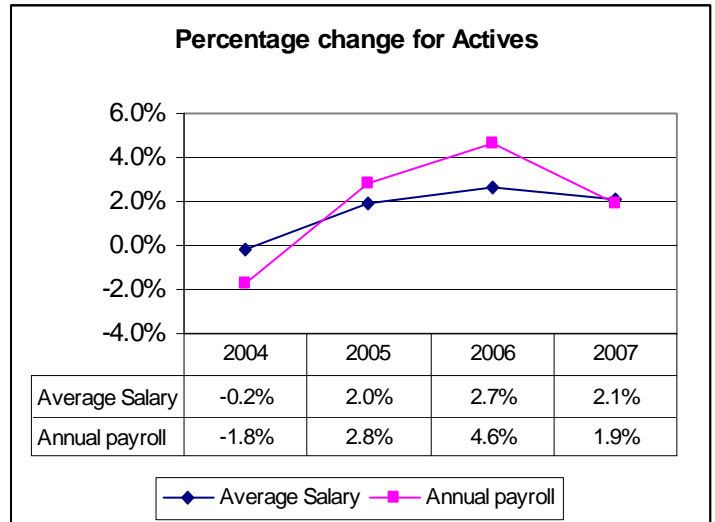
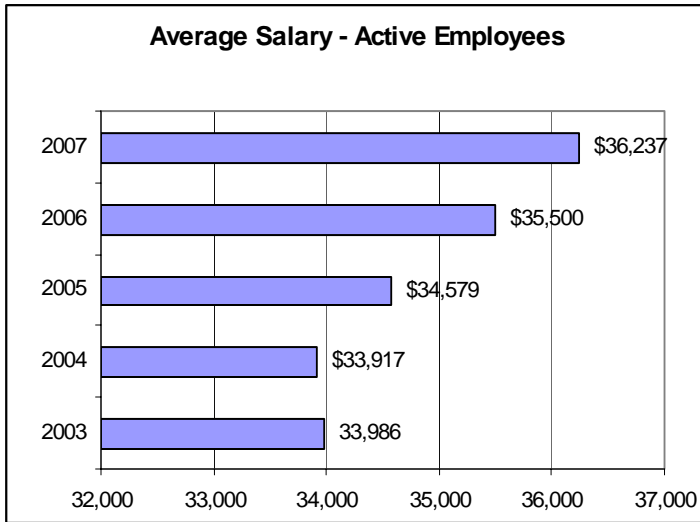
See [ERS Website](#) for explanation of the retirement system for new employees after December 31, 2008

COMPARATIVE CHARTS (SOURCE ERS ACTUARIAL REPORTS)



As reflected in the above charts, the number of retirees has increased substantially while the number of active employees has been limited to an increase of only 1% during the last five years. The minimal—and negative growth in some years—demonstrates the austerity and out-sourcing policies that have been implemented by the State.

The charts on the next page show the percentage comparisons for growth (reduction) in average compensation and aggregate payroll. One must conclude that as long-service employees retire, replacement employees are being employed at much lower salaries or the positions are being out-sourced. These factors reduce the dollar amount of state contribution to the ERS.



HOT WEATHER PRECAUTIONS

Summer is a time for fun and relaxation, but older folks must realize that hot weather can be very dangerous unless some precautions are taken.

As we age, we do not cool down as quickly as when we were young. Sometimes, older people may not even feel hot when the temperature is dangerously high; and they can become seriously dehydrated without even feeling thirsty.

Seniors must take the following steps to stay safe on days when the temperature goes over 85 degrees Fahrenheit:

- Turn on the air conditioner. Or go somewhere that is air-conditioned, such as a mall, grocery store, public library or senior center. Fans can help, but are not up to the job in very extreme heat.
- Drink lots of water and/or other clear liquids that do not contain alcohol. One sign of dehydration is dark yellow urine, which means you need to increase the amount of water you drink. Light yellow urine is a good sign.
- Take cool showers, baths or sponge baths, several a day if necessary.

- Wear lightweight clothing that is light in color to reflect the sun. Wear a hat outside, and avoid staying out in the sun for very long.
- Avoid walking long distances, heavy lifting, or other strenuous work.

Here are warning signs of a heat-related health problem:

- **Dehydration** - Weakness, headache, muscle cramps, dizziness, confusion, fainting
- **Heat Stroke** – Red hot and dry skin, fast pulse, headache, dizziness, nausea or vomiting, confusion and fainting
- **Heat Exhaustion** – Heavy perspiration, or no perspiration, muscle cramps, tiredness, weakness, paleness, cold or clammy skin, dizziness, headache, nausea or vomiting and fainting

If you or your companion shows these warning signs, call a doctor or dial 911 for emergency assistance. You must move immediately to a cool, shady place, take off or loosen heavy clothing, and drink water. If possible douse yourself with cool water to help lower your body temperature.

Let’s all stay safe and cool this summer so that we can enjoy this summer and many more to come

E-MAIL ADDRESS

Is your e-mail address with GSRA correct? Help us to maintain your information by updating your e-mail address when it changes. You must log-in under your old e-mail and select “Our Members” and “My Profile.” You can then change your information through the “edit” feature.

ISSUES/SERVE

Do you have a specific question or issue that you would like GSRA to discuss? If so, please let us know by contacting the Communication Committee via the GSRA website.

If you would like to serve on a GSRA Committee, notify the President via the GSRA website.