

## Members Represent at GSRA Day Events

This year's *GSRA Day at the Capitol* and the *GSRA-GPHSA Legislative Reception* was a very full day of meetings and interaction through several events focused on presenting state retiree issues to members of the General Assembly. Attendance at this year's event was good, probably aided by the pleasant weather! Almost 100 GSRA members attended one or both events planned for the day, with over 57 legislators and staff attending the evening reception. The full album of photos of the days' happenings are on the [GSRA Facebook page](#), as well as the [GSRA website](#).



Members pose for picture with Governor Deal

The day began with all of the GSRA members in attendance gathering for a photo with Governor Nathan Deal. Immediately following this, two GSRA local chapter officers, Allan Hill, from Savannah Coastal, and Gloria Jack, from South Fulton, were invited into the House Chamber during the morning session, where Hill invited all legislative members to come to the evening reception at the Floyd Building and House leaders presented GSRA with Resolution 964, introduced by Bert Reeves of District 34,

honoring GSRA and its members. GSRA was also honored with a Senate resolution (see both on our website or Facebook page).



Allan Hill invites legislators to attend the evening reception

At the same time, GSRA members proceeded to the Coverdell Legislative Office Building for a brief meeting convened by GSRA President Steve Herndon to plan and update the day's activities. Herndon welcomed and thanked all members present for their support of the day's events. He reviewed some of the many advocacy contacts made by GSRA on behalf of retirees and briefed the group on the recent involvement by GSRA members in representing the organization at the ERS WRAP sessions, an activity piloted by GSRA Board member Janet Blackmon. Herndon asked for additional members to become involved in this twice-monthly activity. Several members present expressed their interest in becoming involved in this activity; volunteer information will be forwarded to Janet.

Of the approximately 80 members present at the briefing, about one third indicated that this was their first time attending a *GSRA Day at the Capitol* event. Herndon

stressed the need to support local chapters and for members to do whatever they can to support the organization. It was mentioned that while we are all disappointed with the status of COLAs, Georgia is in the minority of states whose legislatures choose to fund their Annual Required Contribution, with even fewer states choosing to exceed this level of funding. Most states choose not to fully fund their pension obligations. It was discussed that in those states with poorly funded pensions, retirees might look back historically to a time when they felt this would never be a problem in their states. In Georgia, we cannot let the issue of COLAs overwhelm the possibility that some future decision makers could decide not to fully fund the pension fund. Right now, this does not seem possible, but we need to remain vigilant to monitor and advocate for sound management of our funds!

Members departed the briefing session to meet individually with legislators and provide information on GSRA's legislative (and budget) issues. During the afternoon, the membership packed the House Retirement Committee meeting. This developed as a fortuitous event, as during committee consideration of several bills - several of which failed - two committee members, Representatives Debbie Buckner and Patty Bentley both commented from their chairs regarding a concern over the continuing lack of COLAs for ERS retirees. This was met with enthusiastic applause from the audience! Following the hearing, GSRA members interacted with committee members and ERS Executive Director, Jim Potvin.



Members sporting these badges could be seen all over Capitol Hill

At 4:00 pm, members began to gather at the Empire Room at the Floyd Building for the *GSRA-GPHSA Legislative Reception*. The meeting room was crowded, with a good mix of legislators, GSRA and GPHSA members, sponsors and guests.



Attendees enjoy socializing at the GSRA-GPHSA Legislative Reception

The highlights of this event were the opportunity to meet individually with legislators and also, for GSRA to recognize our *Legislative Service Award* recipient - State Representative Richard H. Smith of Columbus - house district 134. The award went to Smith for his ongoing work on the issue of "balance billing" or "surprise billing" by out of network medical providers. Representative Smith's work on this issue is consistent with GSRA's focus on economic security and access to affordable, quality health care.



Rep. Richard Smith accepts GSRA Legislative Service Award from President Steve Herndon

GPHSA made its *Friend of Children Award* to two recipients: State Representative Bert Reeves of Cobb County for his work as sponsor of the bill modernizing the Adoption Code for the State of Georgia and, Karl Lehman, CEO, Childkind, a nonprofit organization dedicated to serving children with special healthcare needs and their families.

The 2018 GSRA Day was a very full and successful day. Our presence and contacts maintained visibility for retirees and for advocating our issues! **The GSRA Board thanks Janis Tidwell and the others that worked with her** to make this year's events successful, and we look forward to an even bigger and better event next year!

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## Advocating Strategy for *Your* COLAs Announced/Underway

Your GSRA leadership team has determined that we should take every action we can to receive a COLA for this coming fiscal year 2019 **AND** for the year after, FY 2020. Any chance for success depends on the participation of **YOU, EVERY GSRA** member, and EVERY other retired state employee. Our strategy is three-fold and was revealed last week on our web page and on our Facebook page. We all had an active first week and need to continue throughout the session and into the summer.

1. For an FY 2019 COLA, we had as many members as possible attend the Feb. 15 ERS board meeting. At least forty-five answered the call, and many more would have attended except they were at home with the flu. We will repeat this call for members twice more -- for a special meeting which has been called for March 15 -- if will be held in person -- and for the April meeting.
2. Also for an FY 2019 COLA, we will have several message- and letter-writing campaigns along with calls and personal visits with legislators during the session. We started with all members of the House urging them to request the House Appropriations Committee to include funds for a COLA of at least 1% in the 2019 budget. Then we'll write the Appropriations Committee Members and ask them to include funds for a COLA of at least 1%.

Simultaneously, we'll contact members of the House Retirement Committee and request their support for at least a 1% COLA. We will repeat these campaigns with the Senate and possibly with Leadership and the Governor.

Not announced but always a consideration was for us to be flexible with alerts as events arose. On Feb. 12, Rep. Howard Maxwell dropped a bill which affected TRS COLAs only, but which could easily be amended to affect ERS COLAs as well. GSRA leadership issued, and you responded, to an action alert for writing members of the House Retirement Committee both opposing this bill and requesting a COLA.

3. For FY 2020 we will be advocating among Gubernatorial and other leadership campaigns and doing our best to get commitments from the candidates for funding COLAs. We will also be looking for openings during the session to get commitments for an FY 2019 COLA.

So that's what's coming and what we've done together so far. We know it's a lot to ask of you. But like the often paraphrased sage of yore, ask yourself: If not now, then when? If not me, then who?



## **As Legislative Session Nears Halfway Point, No COLAs for Retirees or Raises for Employees**

As GSRA has publicized often and loudly, the governor did not include funding for retiree COLAs or employee pay raises in his budget recommendations. The House Appropriations Committee, which supported retirees the last two years with one-time adjustments, has not yet passed an appropriations bill. GSRA leadership has been meeting with legislators and has undertaken an aggressive strategy to alert our members frequently to write and call legislators when we believe it will do the most good. We are being told “there is no money” for us while State revenues are booming as never before. A mildly valid excuse is that the governor and legislators are feeling the pressure from having to fund an increase of over \$350 million dollars for the TRS to meet its Actuarially Determined Employer Contribution (ADEC). Coincidentally, that is the approximate amount required to fund a 3% COLA for ERS retirees.

On the matter of prohibiting “surprise” or “balance” medical billings from out-of-network providers, Rep. Richard Smith felt the need to replace his HB 71 - which required health care providers to be in hospitals’ and other facilities’ insurance networks in order to be credentialed to provide services within those facilities, as well as many disclosure requirements - with a new bill, HB 678. HB 678 retained the disclosure requirements but not the credentialing requirements. Two new bills have been introduced to address the same issue. SB 359 by Sen. Chuck Hufstetler would prevent surprise billing by emergency health care providers in emergency situations only, and it also establishes a standard for insurance carriers to reimburse these providers. HB 799 by Rep. Sharon Cooper would prevent surprise billing in most instances of post-emergency stabilization care through requiring an out-of-network facility and the patient’s insurance carrier to communicate and for the carrier to decide whether to pay the out-of-network facility or to pay for transportation to an in-network

facility; either way, the patient is subject to only in-network charges. And, of course, SB 8 by Sen. Renee Unterman is still technically alive. The GSRA legislative team has been meeting with the bills’ authors and others to determine and influence what, if anything, is most likely to pass to address this important issue.

Rep. Howard Maxwell dropped HB 903 on Feb. 12. This bill affected TRS COLAs only, limiting them for certain members in certain circumstances, but the bill could easily be amended to affect ERS COLAs as well. GSRA leadership issued, and you responded, to an action alert for writing members of the House Retirement Committee both opposing this bill and requesting a COLA. Subsequently it was reported that Rep. Maxwell meant the bill to limit the spending on COLAs at times when TRS was having to request large additional sums in order to meet its ADEC, but HB 903 is written more broadly than that. GSRA coordinated its campaign with our TRS organization colleagues, many of which had its members also support a COLA for ERS retirees.

Georgia is projected to experience a revenue “windfall” starting in calendar year 2019. As reported in most news outlets, this will occur because many Georgia taxpayers will be paying more in state taxes than they would without the new federal tax law. The reason for this is that a large number of taxpayers who have been itemizing their deductions on their federal returns will now use the new, much larger federal standard deduction because it will reduce their federal taxes. However, because state law requires the standard deduction be used on state returns if it is used on federal returns, and the state standard deduction will not increase, Georgians who used to itemize will pay more in state taxes. A number of bills have been dropped to change the Georgia tax code so that Georgians will not pay more state taxes, thus reducing

or eliminating the windfall. GSRA will be monitoring them all.

SB 101 has passed the Senate and awaits House action. GSRA worked with ERS and the bill's author to perfect the bill which enables full-time temporary employees under the defined contribution retirement program to buy into the defined benefit ("old" or "new") plan.

SB 31 by Sen. Josh McKoon has also passed the Senate. This bill was drafted by GSRA several sessions ago to create the State Health Benefit Plan Customer Advisory Council to advise the DCH commissioner and board on SHBP policy, fee, and program issues. The current advisory council was appointed under a House resolution and is optional, not required by law.

SB 31 also requires that two members of the DCH board be SHBP members – one each retired and active, and one each a member of the ERS or TRS.

SB 294, by Senate Retirement Committee chair Ellis Black, requires a state entity which directly or indirectly (through a contractor) employs a retiree to pay both the employer and employee contribution to ERS. The substitute additionally prohibits the retiree from receiving his/her retirement benefit unless a number of confusing and conflicting requirements are met. The original bill was bad for retirees in that it made obtaining employment with a state entity and successfully negotiating a wage more difficult. The substitute makes both those factors much more difficult and is therefore much worse than the original.

## Legislative Liaison's Thoughts on the Session so Far

Chuck Clay is GSRA's contracted Legislative Liaison. Chuck, a former State Senator himself, is on the scene at the Capitol on GSRA's behalf, making contacts, staying on top of legislation of interest, educating legislators on member issues, etc. Following, he provides us with his view of the session so far as it relates to our interests and issues.

After 30 years in and around the Capitol, this session seems to have an endless stream of legislation that arrives unabated, in greater numbers than ever before. The GSRA legislative team has pulled yeoman's duty by staying abreast of the legislation that affects retirees. More importantly, your team does a great job in keeping members aware of what is happening through our newsletter or direct contacts. This is a small part of what members receive for their membership dues. Members also have the benefit of a team, volunteer and paid, as advocates for GSRA, working for or against legislation that impacts our members.

We certainly remain disappointed in the apparent absence of any COLA in next year's budget. We have not and will not cease our efforts until we get what is both earned and promised. We will continue to push for our COLA throughout the budget process. We have requested a meeting with Lt. Governor Cagle to ask for his support for our COLA efforts. This will include ideas such as using tax "windfall" dollars for our COLA. We also intend to ask

gubernatorial candidates to commit to support our COLA not off sometime in the future, but now. We fully intend to use our organization to ask the hard questions to those who want our support. We continue to build very positive relations with allies such as the TRS actives' and retirees' organizations.

We will continue to work to build our visibility and clout. To that end, special thanks to the 50 or so of you who attended last week's ERS Board meeting. This is exactly the sort of thing which, while not glamorous, will help build our credibility and perceived political "muscle." We have heard from several insiders about our very strong presence and its impact on those there. We need more. The article reviewing legislation of interest so far mentioned that HB 903 limiting the payment of TRS COLAs in certain instances will not pass. But GSRA members need to know that the issue will be back with more legislative support if we do not stay way ahead by contacting your legislators and supporting your team at the Capitol. Nonmembers should join GSRA so that

our endeavors can move forward. Your membership will help advance our agenda and prevent possible disaster.

## Call for Special ERS Board Meeting to Consider Changes to Funding Policies

ERS Executive Director Jim Potvin presented a series of “funding considerations” at the ERS board’s Feb. 15 meeting. These included analyzing the impacts of downturns in ERS investment values, of various amortization periods reaching 100% funding of the retirement pension fund, of alternative assumed investment rates of return, and of alternative COLA and bonus payments.

At Mr. Potvin’s suggestion, the board decided to hold a special meeting this coming March 15 to consider changes to current funding policies. This meeting will follow the next regularly scheduled Investment Committee meeting. The special meeting is needed to decide on what, if any, changes should be made to the amortization period and to the assumed investment rate in order for the ERS’s actuary to be able to project before the regular April meeting the impacts of various COLAs or other post-retirement adjustments the board may consider at that meeting.

To view Mr. Potvin’s presentation please look on the [GSRA website](#) for the presentation entitled: “Funding Considerations” or click [HERE](#).

Specifically, the March 15, 2018 Board meeting will be to determine whether or not to keep the same amortization period for reaching 100% of fully funded liability (currently 25 yrs) and the present assumed rate of return (currently 7.5% annual rate of return). The Board will consider options of reducing the amortization period from the current period of 25 years to either 20 or 15 years. It will also consider lowering the expected rate of return from the current rate of 7.5% annually to either 7.25% or 7.0%. Either decision will affect the fund and its future health.

### Current Status

As of June 30, 2016, the funding ratio of the plan was 74.7% with an unfunded liability of \$4.345 billion. After being set at 10.41% for many years, the employer contribution rates for FY 2018 are 24.66% for old/new plan members and 21.66% for GSEPS members. These rates have been stable for 3-4 years and will continue through FY 2019. The employer contribution rates require an annual contribution of approximately \$600 million. At the end of June there were 59,766 active members (currently 61,000), and a payroll of \$2.384 billion. Retired members and Beneficiaries totaled 48,265 at the end of June (currently: 50,500) with a benefit payroll of \$1.332 billion. Asset smoothing occurs over a 5-year period. The active member growth is assumed to be at 0% (even though there has been an increase since June 2016).

The current investment rate of return is 7.5% and the amortization of the repayment of the unfunded liability of the fund is spread over 25 years. When originally set in 2013, the 25-year period ended in 2038. However, with recent market gains, if investments grow at the assumed 7.5% rate, our Retirement Pension Fund will reach 80% of funded liability by 2021, and full funded liability by 2032, six years earlier than originally anticipated.

### What’s happened since June 30, 2016?

The good news is the rate of return for FY 2017 was 12.4%, or well over the 7.5% expected rate of return. FY 2018 thru January 26<sup>th</sup> was 13%, but thru February 8<sup>th</sup> it had dropped to 5.3%, and by Feb. 13<sup>th</sup> it was back up to 7%. Note the dramatic drop and recovery. The volatility of the stock market obviously affects our rate of return upon investment, and ultimately the soundness of our fund.

**Why Make Changes in Policies?**

Investments by our fund in the stock market determine the health of our fund. Because of recent market volatility with sudden drops in market value, and then swings from day to day, it is prudent for the managers of our fund to review all policies that govern its health. Under our current policies it appears that the fund could absorb one year of poor performance on our investments, but two bad years of investment performance could severely impact our fund. Changes in our funding policies which would lower the time period for the state to pay-off our unfunded liability and get the fund to 100% funded liability seem to be a good choice, but it increases the state's ADEC (actuarially defined employer contribution) significantly. Similarly, lowering the expected rate of return (ROR) from 7.5% to a lower expected ROR would appear to be a sound decision on its face by bringing the fund closer to the rate of return most rating agencies consider attainable given current market conditions, but it also affects the ability of the fund to reach 100% of funded liability as planned. Both of these steps would initially reduce the Retirement Pension Fund's funding percentage.

A decision on whether or not to adjust these two policies must be made before any decision can be made on the question of COLAs or other adjustments to retiree benefits because these policies directly affect the ability of the fund to financially grant any benefit increase.

**COLAs or Other Adjustments**

The final section addressed issues surrounding the analysis of the different COLA options. All options will

require additional payments to the fund to meet expected benefit payments and to reach fully funded liability. The one-time adjustment would be the least costly option having the least impact on the Pension Fund, and the 3% COLA would be the most costly option having the most impact on the fund. Prefunding a 1% COLA every year appeared to be among the more feasible COLA options in terms of impact on amortization period and annual changes in funding percentage, but it would add a total of \$1.26 billion the next 16 years to unfunded liability.

**In Summary**

The presentation by Executive Director Potvin was very informative and thought provoking and helps clarify the discrepancy between the needs and wants of retirees and the ability of the retirement system and the State to address those needs and wants. The GSRA Board will be considering a response to policy changes raised in this presentation, and we will offer our opinion as to what changes should be made and what we feel the COLA choice should be for the coming year. At first glance, it appears that without the benefit of the information in this presentation, our current recommendation of at least a 1% COLA for retirees in FY2019, was a good choice and one of the most achievable options. Please read the presentation by Executive Director Potvin on our web page and be prepared to respond as directed to our next alerts.

The special ERS board meeting on March 15, 2018 and the regularly scheduled Board meeting on April 12, 2018 will be very important meetings for retirees and beneficiaries of the ERS retirement fund.

***GSRA-GPHSA Legislative Reception - Thanks to Our Annual Partners!***

**GSRA would like to thank our Annual Partners for their generous support, which helped make the 2018 GSRA-GPHSA Legislative Reception a success:**

**Atlanta Postal Credit Union  
Blue Cross Blue Shield of Georgia  
United Healthcare**

## January New Members

| Name               | County   |  | Name           | County  |  | Name        | County |
|--------------------|----------|--|----------------|---------|--|-------------|--------|
| Sherri Chaney      | Gwinnett |  | David Shirley  | DeKalb  |  | Judith Wade | Fulton |
| Pamela Davis       | Bulloch  |  | Charles Smegal | Lumpkin |  |             |        |
| Eric Robert Miller | DeKalb   |  | Audrey Stokes  | Henry   |  |             |        |
| Denise Samuel      | Cobb     |  | Danise Thaxton | Cobb    |  |             |        |

### Is Your Contact Information Current?

If you have moved and haven't given GSRA your most current address, we won't be as effective on your behalf as we could be. GSRA uses the last postal address we have on file to send you mailed items of interest occasionally, but more importantly to determine your State Representative and State Senator. If we have an old address and we send you an Action Alert asking you to contact your elected officials using our automated system, they may not be the correct ones.

If you have changed your email address and not notified us, you won't even receive the Action Alert, nor will you receive any of our emailed Action Watches, including invitations/details about our events, and you won't receive the monthly newsletter, which is emailed.

Keeping your contact information with GSRA updated is critical, especially for times, like now, when we are sending out multiple Action Alerts asking you to contact your legislators to request they support a COLA!

You can easily update your contact details by going to the GSRA website, [www.mygsra.com](http://www.mygsra.com). Login and select Our Members/My Profile to edit your contact information, or call 770-312-2799.

### Now is the Perfect Time to Sign Up for Automatic Pension Deduction of Dues

This is a great time for state retirees to have their membership dues (\$1.67/month) deducted from their retirement benefit (if they haven't already done so), and never have to worry about their membership lapsing again!!!

We have all just gotten our income tax Form 1099 showing our retirement income with our pension ID numbers - labeled "account numbers" on the 1099 – listed just under our name and address! We can use those pension ID numbers/"account numbers" to complete the Pension Deduction form for GSRA. Just print the Pension Deduction Form, fill it out and mail it back to GSRA at the address printed on the form.

This is also a good time for state retirees with up-to-date memberships to encourage their former coworkers to join! GSRA can only be effective if we have substantial numbers of state retirees as members!





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## Endorsed GSRA Benefits

The Georgia State Retirees Association (GSRA) makes many member only benefits available to its members. GSRA endorses the following member benefits:

- Long Term Care / Home Health Care Policy
- Cancer Treatment Policy
- Life Insurance
- Medicare Supplement Insurance
- Medical Air Services Association (MASA)
- Identity Theft Protection
- Travel Discounts
- Hotel Discounts
- Car Rental Discounts
- Computer Discounts
- Tax-Deferred Annuity

Review your benefits at: [www.myAMBAbenefits.info/gsra](http://www.myAMBAbenefits.info/gsra)

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Since 1925, we've prided ourselves on helping members build a solid financial foundation for their own families.

We're not just people, we're solutions people...that's why nobody can serve our members like we can.

APCU serves State and Federal workers, retirees and their families in Georgia. Visit APCU's exhibitor table at GSRA. For more information, visit [apcu.com](http://apcu.com), or call us at (404) 768-4725 or Toll-free at (800) 848-8431.

APCU partners with Members Wealth Management, a financial services program, to help our members with financial planning, investments, insurance, as well as retirement and estate planning strategies.

APCU has invited Sherrin Harris, a Managing Associate with Members Wealth Management, to offer a great workshop, "Money Talk 101," at GSRA. This seminar is designed to facilitate conversations around financial milestones for retirees.

Topics will include:

- The importance of setting financial goals
- Understanding your current financial position
- Preparing for a successful retirement
- Income tax considerations
- What your loved ones need to know

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UnitedHealthcare continues to be a proud sponsor of the GSRA Annual Meeting for 2018.

\*2015 UnitedHealthcare Customer Experience Survey scores for Group Medicare Advantage plan members. Plans are insured through UnitedHealthcare Insurance Company or one of its affiliated companies, a Medicare Advantage organization with a Medicare contract. Enrollment in the plan depends on the plan's contract renewal with Medicare.

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