



Newsletter

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www.MyGSRA.com

April 2019

ERS Board to Retirees: No COLA in 2019 You May Be Dead Before the Next One

On April 18, the ERS board of trustees conducted its annual meeting to determine benefit adjustments for retirees of its various plans. For retirees of ERS, LRS and JRS, the board decided to grant two one-time, non-compounded payments on July 1, 2019 and January 1, 2020 respectively, with each payment being 3% of the payee's annual benefit up to an income cap of \$30,000 (i.e., a maximum for each payment of \$900, meaning a total of \$1,800). Members of PSERS were granted a 3% COLA to be made in two 1.5% increases on July 1, 2019 and January 1, 2020. ERS retirees will be required to be at least age 45 unless disabled and be retired for at least seven months in order to qualify. Of course, GSEPS retirees are not eligible for any post-retirement adjustment.

For ERS members the two payments will be the largest adjustments since the last COLA in 2009, \$600 more than the current fiscal year and \$900 more (twice as much) as the preceding two years.

But we are still back to zero next year and every year after until we get a real, accruing cost of living increase. And for those of you who are disappointed that we once again failed to receive a COLA, add THIS to your disappointment: also once again the board failed to instruct the actuary to incorporate the cost of a COLA in its calculation of the amount of money the state will need to appropriate for its employer contribution next year to pay for a COLA next year. This means that even with superior returns on pension fund investment next year AND with outstanding revenue collections next year, there will be no more money for a COLA next year than there has been for the last six or seven years that the state has been flush with money but chosen to spend it on anything and any group other than ERS retirees. Couple this with the board's insistence on following its insidious Guidelines as if they were carved in stone, sealed in concrete and encased in steel, it appears highly unlikely that the board will grant a COLA in the next 10 to 25 years

without some major intervention from some source. (Hold that thought.)

Board members attending the meeting were Chairman Barrett and members Niepokoy, Reheis, Thach, McCoy, Griffin and Atwood. As always, the meeting began with approval of the last month's minutes and the presentation of the Secretary's report by Director Jim Potvin. His report is at: <https://www.ers.ga.gov/sites/main/files/file-attachments/boardagenda.pdf>. Highlights included a graph showing FY-to-date rate of return on pension fund investments which had dipped precipitously in October and December, but which had rebounded considerably through March to over 3% for the year. Of course, this is lower than the assumed rate of return of 7.3% which the actuary uses for its projection. Mr. Potvin also reported on the status of several bills in the recent General Assembly session. These included SB 55 to allow members to convert their Peach State Reserves savings into credit for the ERS defined benefit plan. SB 55 passed.

Next, Edward Koebel of the actuarial firm of Cavanaugh Macdonald presented the results of its report for FY 2018. [Its presentation is here](#). The report noted that the funded percentage of the pension fund increased by 0.6% to 75.3% in FY 2018, and up 2.5% since FY 2014. The actuary recommended the actuarially determined employer contribution (ADEC) remain unchanged for the Old and New Plans (19.91% and 24.66% respectively) and virtually unchanged for the GSEPS Plan (21.57%). This will be at least the fourth consecutive year that the rates remain virtually unchanged and therefore, as mentioned previously, highly unlikely to be able to fund a COLA next year.

Chairman Barrett then charged the rest of the board with deciding on an adjustment. He said that he did not recall ever spending as much time on the subject as he did this year. Ms. Niepokoy read a motion to grant the two one-time capped 3% payments. Mr. Reheis opined that he was confident that

“someday the board will go back to a COLA,” but “the board continues to be very responsible. It is staying true to its policy and being fiscally responsible.” He noted that the 6% bonus is the best in the last eight years. He congratulated the board in doing the best it could do. The motion passed unanimously with no further discussion.

About that thought you have remembered to hold from the third paragraph: read President Sommerville’s message in this newsletter and know that your leadership has great resolve to seek and adopt new and more effective methods to push our cause forward. Many of these methods will require your continued close support and active participation to achieve their desired impacts.



Jim’s View: Disappointed But Far From Done

I am deeply disappointed in the outcome of the vote on awarding post retirement adjustments. The Board had an opportunity to begin to restore the dignified and comfortable retirement that the State promised to provide as part of their covenant with state employees and they failed to do so.

As you may know by now, the ERS Board voted to grant two 3% bonus checks. These bonus checks are non-accruing and are based on a maximum of \$30,000 yearly benefit payment. The maximum for each bonus check will be therefore \$900. While both the percentage and maximum payout are higher than last year, it is still not as beneficial to our members as a COLA would be, and it is not consistent with the actions taken by the TRS Board relative to post retirement adjustments.

I assure you that your GSRA leadership is not licking its wounds. We met right after the ERS Board meeting to discuss what we could have done better or differently or what we should have done that we did not do. We will be

developing a strategy for this upcoming budget year that will continue the COLA momentum that we developed this past year.

One of our priority efforts now will be to ensure that the Governor’s Office is aware of our displeasure with the ERS Board and that we demand to be treated consistent with how the TRS retirees are treated. With the election taking place last year, we got a late start on working the Governor’s Office. This year, we will begin our campaign within the next few weeks. Please respond and act on any action alerts that you may receive from GSRA.

Thank you for all that you have done in the past to support GSRA efforts. I know that I can count on your support in the future as we strive to make the ERS Board live up to its mission statement and provide its members with a dignified and comfortable retirement.

Jim

Noted Columnist Dick Yarbrough to Headline Annual Meeting First Day Activities

Dick Yarbrough is in his 21st year as a syndicated newspaper columnist. His strong opinions are throughout the state of Georgia in more than a half-million homes weekly, making him the most widely-syndicated columnist in the state.

The Georgia Press Association has recognized him with its first-place award for Best Humor column four times in the past eight years. Dick says that indicates he is only funny every other year. Politicians don’t find him funny anytime.

When not pricking the egos of the self-important in his column, Yarbrough has developed a growing reputation as an artist, with one of his works hanging in the State Capitol and others in private collections.

Dick and his wife, Jane, better known to his readers as the Woman Who Shares My Name, alternate their time between Atlanta and St. Simons, where he avoids eating broccoli at both locations.

HOUSE RETIREMENT COMMITTEE CONSIDERS BILLS TO PASS ON FOR ACTUARIAL EVALUATION

On April 29, the House Retirement Committee met to consider nine bills which have potential financial impact from virtually nothing to billions (yes, that's BILLIONS almost all for TRS, and \$0 – zero, zippity doo dah, nada -- for ERS) of dollars.

One bill that was of immediate interest to GSRA current and future members was HB 733. This bill would remove the prohibition against Judicial Retirement System (JRS) members who have joined since 2009 from receiving COLAs. ERS Director Jim Potvin testified that the same COLA prohibition was also legislated in 2009 for members of the Legislative Retirement System (LRS) and the newly created GSEPS. He noted that the JRS and LRS liabilities are over 100% funded, but GSEPS liabilities are not. He also said that JRS and LRS COLAs might have fiscal impact in the future. GSRA legislative committee chair Chuck Freedman testified that it was only appropriate to grant COLAs for all retirement systems, not just one. Retirement Committee Chairman Tommy Benton suggested that GSRA find a Representative who would introduce such a bill. Freedman asked for volunteers, but none came forward and HB 733 was passed on without further comment or amendment.

The two priciest bills were HB 667 by Chuck Martin, and HB 662 by Chairman Benton, both applying solely to the TRS. HB 667 would statutorily mandate that the assumed rate of return (ROR) from TRS fund investments will not exceed 6.0%, down from the present 7.5%. GSRA estimates the dollar equivalent of this could possibly be well over \$1.1 billion **annually** (1/5% of the TRS fund's reported balance of \$76+ billion). Among other things the bill would also reduce the time to pay off the unfunded liability from 30 years to 15 years. The ability to even roughly "guestimate" the fiscal impact of that is beyond GSRA members, but this feature was acknowledged by the TRS Director Buster Evans and the committee to be extremely costly as well. HB 662 would also set the assumed ROR at 6.0% but not include the other provisions of HB 667.

TRS Director Buster Evans said that the bills would have tremendous cost, his guess being "hundreds of millions." Chairman Benton suggested \$4 billion to \$6

billion to pay off the unfunded liability. Director Evans noted that the ROR for the plan since 2000 has been 7.4%, and well above that since 1990, that the funding percentage of the TRS fund **increased** from 74.4% to over 77% this past year, that the costs of the bills will be difficult to fund, and that he is not sure that the ROR should be legislatively set. He also said that TRS is voluntarily reducing its assumed ROR to 7.25% this year.

Long-time ERS retiree champion Rep. Debbie Buckner said that she had a "real concern about the state putting in a lot of money to pay off TRS debt when ERS wants help too, trying to get their retirees to come up to a more livable wage ... because they haven't had COLAs in over 10 years. So we're talking about a finite amount of resources and we have two real big asks ... that are big hits to that finite amount of resources... It seems like there has to be a little give and take on both sides to get to where we need to be." Chairman Benton said that we have nothing to give on ERS because there is no legislation. Rep. Martin said that the money is owed to TRS, implying that it is not owed to ERS. You can view and listen to this interchange beginning at 9:48 on <https://livestream.com/accounts/19771767/events/8491235/videos/190629638>.

Debate continued on both bills concurrently. Representatives from GAE retirees and PAGE expressed concern that having an actuarial report showing these bills to have such great fiscal impact could cause a loss of public support for the plans. Chuck Freedman once again told the committee that ALL retirement systems should be treated the same. He said that GSRA does not necessarily support the bill's provisions, but that the bill should be amended anyway to include all retirement systems. You can see Freedman's testimony beginning at 17:40 on the above link. In the end the authors of the two bills (Benton and Martin) and the committee decided to delete the ROR cap from HB 667, and to change the ROR cap percentage in HB 662 to 6.75% (the midpoint between the original 6.0% and the TRS's present 7.5%).

Other bills were considered as well, but they applied to other retirement systems and all had much less potential impact.



Fireside Lobby at Unicoi Lodge



Zip lines over the lake at Unicoi State Park

Georgia State Retirees' Association Annual Meeting October 7 & 8, 2019

Unicoi State Park Lodge, 1788 Hwy 356, Helen, GA 30545

Plans are underway for a great Annual Meeting! Save the Dates and Make Your Reservations Now!

The meeting will begin at 1 pm on Monday, October 7th with a presentation from syndicated columnist Dick Yarborough and continue with additional speakers and workshops – one of which is a workshop to help you use your iPhone and iPad! Watch for additional information on the website and in the Monthly Newsletters!

To make reservations online – go to www.unicoilodge.com – Click on Blue Button at top right “Book Here” – On reservation page, select check in and out dates first, then select the number of adults and children, then click the Red Bar “Check Availability”. Then click on “Rate Options” and Enter the Reservation (Promotional) Code 07902. The available rooms and rates will be displayed and you can make your reservations online.

Lodge Guestrooms Rate - \$99.00/One Bedroom Barrel Cabin Rate - \$129.00/Two Bedroom Barrel Cabin Rate - \$149.00/Three Bedroom Barrel Cabin Rate - \$159.00 - Reservation Code: 07902

Reservations can be made online: <https://www.unicoilodge.com> or by phone: 800-573-9659.

The Unicoi Restaurant is on site for Breakfast, Lunch and Dinner; The Smith Creek Tavern is on site for snacks/burgers, etc. Additional Lodging/Restaurants are available in Helen, GA – about 3 miles away – Unicoi Lodge provides a free shuttle daily from noon until 8 pm (hourly) from the Lodge to Betty's General Store in Helen, GA.

Unicoi Restaurant: Breakfast Buffet 7am - 10am - Breakfast Menu 7am - 8pm

Lunch Buffet 11am - 2pm/Dinner Buffet 5pm - 8pm - Lunch & Dinner Menu 11am - 8pm

Smith Creek Tavern: Monday through Thursday 4pm - 8pm/Friday 4pm - 9pm/Saturday 2pm - 9pm / Sunday 2pm - 8pm



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

Review your benefits at: www.myAMBAbenefits.info/gsra

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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, or call us at (404) 748-4329 or Toll-free at (800) 849-8431.



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

APCU has invited Steven Homan, 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 retirement 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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*2017 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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