

A blue ribbon banner with a 3D effect, featuring a central rectangular box and two side flaps that taper to points.

GSRA Annual Meeting
October 6-7, 2019
Unicoi State Park Lodge

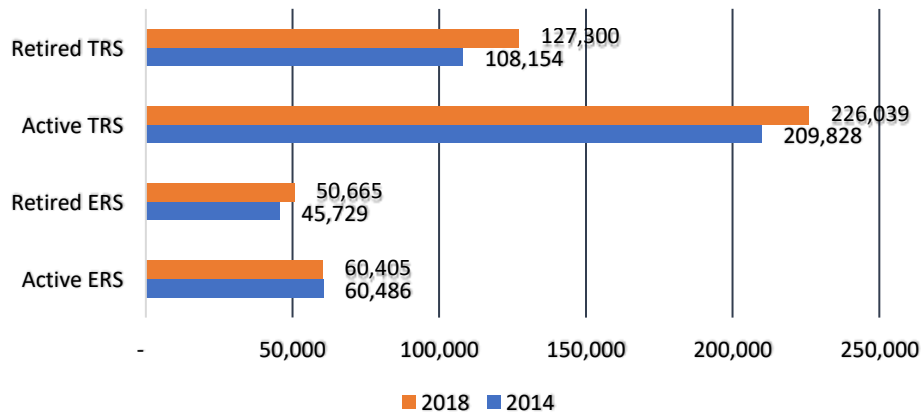
Comparison (2018 and 2014) of ERS and TRS Reports Reflects Favored Status of TRS

Comparison of the actuarial reports for the Teachers Retirement System (TRS) and the Employees Retirement System (ERS) for two snapshots (2018 and 2014) shows the favored status of the TRS trust fund because of several facts, including that the actuarial liability projections provide for a COLA granted 2 times each year to retirees. Management of the trust funds is not in question and many factors and assumptions modify the specific and relevant “bottom lines.” The April and May 2019 letters to the respective Boards of the ERS and TRS by Cavanaugh Macdonald Consulting Actuaries provide reasonable assurance of the solvency of the respective trust fund. The letters state that the (respective) System “is being funded in conformity with the minimum funding standards set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law. In our opinion, the Systems are operating on an actuarially sound basis.”

The full actuarial reports are available on the specific trust fund website or by contacting the respective System. Investment returns were almost identical in both trust funds and are not shown as a contributing factor in this article.

Instead this article focuses on other contributing facts (but not all inclusive) having an impact on the trust funds. The active and retiree growth (**Chart A**) is important in projecting the long-term benefit needs and how funds are collected. In the TRS (**Chart B**), the active population has increased while the ERS population has slightly decreased. In addition to the growth in active population, the average salary for TRS members is 18.7% greater than ERS active salaries, although ERS salaries increased at a higher percentage in FY 2018 than the TRS salaries. Unfortunately, the ERS retiree average benefit actually **decreased over the last four years by 5.42%** and is substantially lower than the TRS average benefit. The primary reason is the awarding of COLAs for TRS members but failure to award ERS retirees with COLAs during the last 10 years. Both funds are somewhat more solvent in 2018 than in 2014 as shown in **Chart C** of the funded ratios, etc.

Snapshot Four-Year Member Compare (ERS - TRS)- Chart A



The Four-Year Compare (**Chart A**) shows that growth in active members for TRS increased by 7.73% during the four years or about 1.9% each year while active ERS members decreased by 81 persons or 0.13% over the four year period. At the same time, the retired population increased in both trust funds. For TRS, the four-year growth was 17.7% or 4.4% each year and for ERS, growth was at 10.8% for the four years or 2.7% for each year. For every retiree in the TRS, there is 1.78 active members, but for the ERS there is only 1.19 active members.

Four-Year Snapshot Compare (ERS - TRS)
Average Annual Compensation/Benefit-Chart B

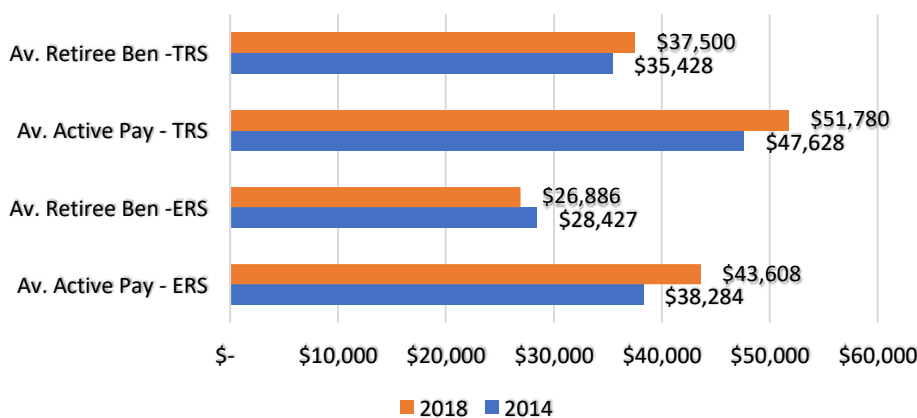


Chart B reflects a 4-year snapshot comparison of the Average Retiree Benefit and Active Member compensation. Average TRS retiree benefit increased 5.85% but for ERS retirees the average benefit **decreased** by **5.42%**. Average active TRS members' salaries increased by 8.72% and active ERS members increased by 13.91%. It is clear that TRS retirees' benefits have been adjusted for inflationary impacts at 1.5% twice annually while the ERS retirees' benefits have not been adjusted in the same way during the last 10 years.

| Various Facts - Chart C | | | |
|----------------------------------|--------------|--------------|-------------|
| | 2018 | 2014 | Change |
| Funded Ratio – ERS | 75.3% | 71.4% | 3.9% |
| Funded Ratio – TRS | 77.4% | 81.1% | -6.3% |
| Unfunded Liability ERS (000s) | \$ 4,400,395 | \$4,852,645 | -9.3% |
| Unfunded Liability TRS (000s) | \$21,880,889 | \$13,626,028 | 60.6% |
| Blended Amortization Years (ERS) | 15.30 | 25 | -9.7 years |
| Blended Amortization Year (TRS) | 25.6 | 30 | -4.4 years |
| Assumed Interest Rate (ERS) | 7.3% | 7.5% | -0.2% |
| Assumed Interest Rate (TRS) | 7.25% | 7.5% | -0.25% |
| Average Age – Active ERS | 44.3 yrs. | 44.6 yrs. | -2.3 years |
| Average Age – Active TRS | 44.5 | 44.6 | -0.1 years |
| Average Service – ERS | 9.5 | 10.2 | -0.7 years |
| Average Service - TRS | 10.92 | 11.27 | -0.35 years |

Chart C is a group of various facts that reflect the results of funding levels of the trust funds or that show how the workforce of each trust fund is changing.

-The **funding ratio for ERS** has improved by almost 4% during the four years, but continues to be less than the 80% that many believe to be excellent solvency.

-The **TRS funded ratio** has decreased by 6.3% since 2014 but improved in 2018 from the FY 2017 funded ratio of 74.2%.

- **Unfunded liability for ERS has decreased by 9.3%.** Investment return rates were higher than the **assumed interest rates** during several of the years since 2014. However, the ERS Board approved reducing the assumed investment rate for future liabilities from 7.5% to 7.4% in 2017 and to 7.3% in 2018 to better reflect future expectations. The effect of this reduction is to decrease the funded ratio thereby increasing the Unfunded Liability ratio.
- **Unfunded liability for TRS increased by 60.6% in 2018 over 2014.** However, actuaries adjusted the “forward” investment rate for projections in the 2016 and 2017 years to 7.0%. The lower assumed investment rate increased the Unfunded Liability during these 2 years, and was a major contributor to the approximately \$650 million state funds added to the TRS in FY 2018 and FY 2019. However, actuarial projections in 2018 assumed a smoothing investment rate of 7.25% in future years. This change reduced the 2017 unfunded liability for TRS by \$2.7 billion in 2018.
- **For Years 2014 and Forward,** the Boards of ERS and TRS approved respective “funding policies” for closed periods with the intent of increasing the funded

liability of each system to 100%. The “closed period” for ERS was 25 years and the “closed period” for TRS was 30 years. In the years since 2014, each trust fund has reduced the years required for reaching the 100% funding by more than 1 year each fiscal year. In 2018, the ERS period is reduced to 15.3 years (from 25) and the TRS period has been reduced to 25.6 years (from 30).

- The average age and average service years for active members impact the projected age of retirement and the projected number of years in retirement. The average age and average service years for both trust funds have slightly declined during the compared number of years.

Comparisons of these facts included in the actuarial reports for the ERS and TRS explain some of the differences in the projections. However, this comparison is not intended to be all-inclusive. The comparison does, however, show that both systems should meet the 100% funded in the 25 or 30 year time frame, provided investment returns meet expectations and the employers continue to pay the required actuarial contribution.



Jim's View: Summer This and That

In the early part of July, I, along with Chuck Freedman and Chuck Clay or the two Chucks as I call them, met with Governor Kemp's Chief of Staff, Deputy Chief of Staff, and the state's Chief Financial Officer to talk with them about restoring the COLA and our ideas on how that may be accomplished while maintaining the stability of the ERS Fund. We look forward to additional discussions with Governor Kemp's staff as they go through the 2020 budget formulation process. I think maintaining a dialogue with the Governor's office over the next several weeks is very important if we are to be successful in meeting our goals for 2019-2020.

There is currently a vacancy on the ERS Board. The vacant position is one that is appointed by the Governor. Among the requirements for that position is that the person be an active or retired member vested in the ERS. GSRA is making an effort, headed by Chuck Freedman, to have several of our members be considered by the Governor for that position. We have submitted the names and resumes of several well qualified GSRA members to the Governor's

Office for his consideration. The Governor's Chief of Staff assured us that no decision has been made on filling the vacant ERS Board position and that he would make sure that the GSRA Board members are considered when Governor Kemp fills the position.

GSRA has extended an invitation to Governor Kemp to speak at our annual meeting. We are keeping in contact with his staff and are hopeful that Governor Kemp's schedule will allow him to speak at our annual meeting. We need you and all of your friends to attend our annual meeting in October.

I have had the pleasure of visiting with many of you as I travel around the state to speak to our chapters. I have enjoyed talking with you and learning more about each one of you. I am very appreciative of the support for GSRA you have expressed to me. Thank you for all that do you on behalf of GSRA.

Jim

Local Chapter News

Northwest Metro

Northwest Metro local chapter held a meeting Friday, July 19th, at the main library in Woodstock. Twenty-five chapter members attended the meeting, where the featured speaker was GSRA President Jim Somerville.

Correction to June Newsletter

An article in the June Newsletter incorrectly spelled Governor Perdue's name. GSRA apologizes for the mistake.

Order Your GSRA Polos by August 15th

Order your GSRA polos and caps/hats by 8/15/19 to pickup at the Annual Meeting.

[Order GSRA Merchandise](#)



GSRA President Jim Somerville addresses NW Metro members

Register Now for the GSRA Annual Meeting!

October 7 - 8, 2019 - Unicoi State Park Lodge, Helen, Ga



Plan now to participate in the Annual Meeting at Unicoi State Park Lodge in Helen, Georgia during Oktoberfest!

The Opening Session speaker is Mr. Dick Yarbrough, a syndicated newspaper columnist. The Georgia Press Association has recognized him with its first-place award for Best Humor column four times. As in past years, leadership from both DCH/SHBP and ERS have been invited to share the most current information regarding our retirement health insurance and pension benefits.

A selection of workshops is available on Monday afternoon and Tuesday morning. The Welcome Reception is on Monday afternoon at 5 pm with light fare, cash bar and live entertainment. Governor Kemp has been invited to speak on Tuesday after the buffet lunch.

See the website, www.mygsra.com, or the Annual Meeting Announcement for more information on workshops, lodging and a registration form. Unicoi Lodge provides a free shuttle van to and from Helen, GA (Betty's General Store) on the hour so you can visit Helen and enjoy Oktoberfest, as well as participate in the GSRA Annual Meeting.



Heat Advisory: Staying Safe in Extreme Heat

We are experiencing extreme heat conditions (high heat and humidity with the temperatures above 90 degrees for several days), expected to continue over the coming days and weeks.

Take steps to prepare and stay safe. Extreme heat can be dangerous for all, but especially for older adults and people with chronic conditions.

Here are some tips for coping with extreme heat from [Ready.gov](https://www.ready.gov)

- Find air conditioning.
- Avoid strenuous activities.
- Watch for heat illness.
- Wear light clothing.
- Check on family members and neighbors.
- Drink plenty of fluids.
- Watch for heat cramps, heat exhaustion, and heat stroke.
- Never leave people or pets in a closed car.

Cooling stations may be available near you. For information about resources, contact your Area Agency on Aging, <https://aging.georgia.gov/locations> or call **1-866-552-4464**, the statewide Aging Services Information and Referral Line.



Donate to GSRA Legal Fund

In 2017 GSRA members voted to establish a dedicated legal fund in the event that leadership, on behalf of its members, ever has to retain legal counsel. The fund will be used to cover all appropriate legal fees related to ensuring that retiree benefits are not reduced or eliminated.

Every donation makes a difference. For more information and to donate to this fund click on the link below.

[GSRA Legal Fund](#)



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APCU partners with Member Health 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 Sherron Roman, a Managing Associate with Member Health 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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