



GSRA'S FIRST MEMBERSHIP POLL: RESULTS

Our first GSRA Member Poll closed on April 15, and was extremely successful. Over 850 members—a statistically valid sample—completed the poll, which is reprinted below, with the percentage of responses to each question. Thank you to every single respondent who took the time to answer the questions, either online or by mail.

1. *How concerned are you that active state employees are frequently treated differently than other public funded employees, i.e. teachers and board of regents employees, when salary raises are funded?*

Very concerned **88%** Somewhat concerned **9%** Neutral **2%**
Somewhat unconcerned **0%** Very unconcerned **1%**

2. *How concerned are you that benefits for retirees are treated (or are in the process of being treated) differently than benefits for active employees and teachers?*

Very concerned **94%** Somewhat concerned **4%** Neutral **1%**
Somewhat unconcerned **0%** Very unconcerned **1%**

3. *Proposed legislation will separate the current Retiree State Health Benefit Trust Fund into two funds, one for state government retirees and the other for school system retirees. How concerned are you that this change in law will make it easier to treat state retirees and school system retirees differently for health insurance benefits?*

Very concerned **94%** Somewhat concerned **5%** Neutral **.5%**
Somewhat unconcerned **0%** Very unconcerned **.5%**

4. *How concerned are you that the Health Insurance reserves have been depleted and that budget proposals include a change in policy to decrease the employer's contribution portion of health insurance premiums, and therefore, increase premiums for employees, teachers and all retirees by about 30 percent (\$25 to \$75 increase) on January 1, 2010?*

Very concerned **96%** Somewhat concerned **3%** Neutral **.5%**
Somewhat unconcerned **0%** Very unconcerned **.5%**

5. *How concerned are you that COLAs granted to state retirees are different than COLAs granted to retirees in other state sponsored retirement systems?*

Very concerned **96%** Somewhat concerned **3.5%** Neutral **0%**
Somewhat unconcerned **0%** Very unconcerned **.5%**

6. *How concerned are you that proposed legislation will effectively prevent any future legislation to prefund state retirees' COLAs or to effect any positive changes in the TRS COLAs because it requires that retirement legislation be fully funded during the first year of implementation?*

Very concerned **92%** Somewhat concerned **7%** Neutral **.5%**
Somewhat unconcerned **0%** Very unconcerned **.5%**

7. How concerned are you about efforts to pass legislation that will authorize the ERS to change the asset investment percentage, increasing it from the current 55% gradually to 75% of retirement fund assets in the stock market?
- | | | |
|--------------------------------|--------------------------------|-------------------|
| Very concerned 89% | Somewhat concerned 8.5% | Neutral 2% |
| Somewhat unconcerned 0% | Very unconcerned .5% | |
8. How concerned are you about the continuing efforts to pass legislation that will authorize the ERS to invest up to 5% of retirement fund assets in “alternative investments”, such as hedge funds, leveraged buyout funds, venture capital funds, distressed debt and equity investments, derivatives, etc., which are considered more risky types of investments, but may possibly provide a higher investment return?
- | | | |
|--------------------------------|-------------------------------|---------------------|
| Very concerned 86% | Somewhat concerned 10% | Neutral 2.5% |
| Somewhat unconcerned 1% | Very unconcerned .5% | |
9. In response to the continuing threats to our pension, health and life insurance benefits, do you believe GSRA should consider contracting for legal advice to safeguard the benefits that have been promised us by the State of Georgia?
- | | | |
|----------------------------|--------------------------|----------------------|
| Yes, absolutely 80% | Yes, maybe 17% | Don't know 2% |
| Hesitantly, No .5% | No, absolutely 0% | |
10. If you answered “Yes” to the previous question, how much would you be willing to contribute to a fund specially designated for this purpose?
- | | | |
|--|-----------------------|----------------------|
| Not a cent 1% | \$1-\$25 21% | \$26-\$50 16% |
| \$51-\$100 18% | Over \$100 12% | |
| It depends on the specifics of the case 32% | | |
11. How concerned are you that retirees age 65 and over are being required to join a Medicare Advantage Plan (MAP) in order to continue receiving any State subsidy toward their health insurance cost?
- | | | |
|---------------------------------|-------------------------------|---------------------|
| Very concerned 79% | Somewhat concerned 14% | Neutral 5.6% |
| Somewhat unconcerned .7% | Very unconcerned .7% | |

In addition to the poll question responses, many of you added comments that reflect the percentages shown above. Here are only a few of your comments:

“Safeguard our retirement; force state to fund retirement as it should; correct the imbalance between teachers and other retirees; our group needs to be more vocal to elected officials.”

“When we went to work we were given employee manuals and guide line about the benefits for both active and retiree benefits. These should not be changed after the fact on retirees. Our leaders have made some very stupid decisions (our current governor) in the past and they are trying to make even more. I am a TRS member and think everyone should be treated equally.”

“We need to vote all anti-retiree and ERS, active employees Politicians out of office and replace them with leaders who respect excellent service these employees have and are currently making to the State.”

“Strength is the only thing the legislature understands and responds to. Teachers & Regents have known this for years and use it to their advantage. We must organize, strengthen and then our just demands will be met.”

“We should immediately respond to every issue that occurs and aggressively pursue any remedy to protect our investment (retirement) that we have given to State govt. over the years.”

If need be, we should seek legal counsel and take the necessary actions through the court systems.”

“We, as regular state retirees, need to band together more closely & establish a strong lobby, such as that of the teachers. It only took them a few days to back down the current administration’s grab at their retirement system.”

“If we continue to sit back and do nothing, we will eventually reach a point where we will either have to go back to work or move in with our children. I think it is a disgrace to treat people who have worked 30+ years—usually doing the jobs of at least two people most of the time—as we are now being treated.”

In response to your very clear direction provided by these member poll results, GSRA officers and Board members are in the process of talking with attorneys with experience in these areas to seek advice on how best to serve our members.

THE 2009 GEORGIA GENERAL ASSEMBLY

The 2009 General Assembly Session is complete. The March and April GSRA Newsletters provided analyses of most of the “passed” legislation of particular interest to GSRA members. However, two additional “passed” bills are discussed following the listing of bill number, short description, and act number assigned as the Governor signed into law.

The new provisions, however, state that rehiring a retiree in State Government will now require that the employee be a minimum of age 60, have a break in State employment of at least two months, and receive pay for a maximum of 1040 hours in a calendar year.

HB 476: Salary Increase Limited during 12 Months prior to Retirement

HB 476 (Act 83) provides that an employing entity must pay to ERS an additional actuarially determined amount for any compensation increase greater than 5% during the twelve months prior to retirement. The act also modifies the retirement allowance for employees who are age 60 and who have at least 10 years of service at date of death or who are under age 60 and have 15 years of service. The benefit will be based on the number of service years on the date of death and the member’s highest average monthly compensation during a consecutive 24-month period.

HB 476 expands the list of specific state agencies to which the ERS Board can actuarially set the employer contribution to fund the benefits for groups of employees—primarily law enforcement.

Bill Nr.	Short Description	Act Nr.
HB 202	Compliance with IRC	275
HB 228	Reorganization of DHR	102
HB 371	Increase Retirement Investments in Stock Equities to 75% over 3 years	44
HB 452	No Pension COLAs for New Employees	82
HB 476	Salary Increase Limited during the 12 Months Prior to Retirement	83
SB 122	Split the GA Retiree Health Benefit Fund	19
SB 200	Transforming Transportation	340

HB 202: Retirement Code Compliance with IRC

Although the ERS pension plans have been administered in compliance with the Internal Revenue Code (IRC), the Georgia Code had not been updated to reflect the federal code. HB 202 was intended to synchronize the Georgia Code with federal code.

SO---How did YOUR State Representative or State Senator vote on each of these and other bills? Click on the link below:

http://www.legis.ga.gov/legis/2009_10/ and enter the bill number; follow the links to each vote.

Lake Oconee Area Chapter Hosts GSRA Secretary and Legislators in May

Bobbie Jean Bennett, Secretary of the Georgia State Retirees Association (GSRA), was the featured speaker at a gathering of over 100 Georgia state retirees at the recent meeting of the Lake Oconee Area Chapter in Greensboro. Bennett served the state of Georgia for 36 years and retired as Commissioner of Personnel Administration (State Merit System). Also attending were honored guests Senator Johnny Grant and Representatives Mickey Channell, Bubber Epps, Lee Anderson, and Dubose Porter.

Bennett reported on the overall state of the Employees Retirement System, changes in the State Health Benefit Plan, recent actions by the legislature, and upcoming decisions by the Employees Retirement System board on cost of living adjustments (COLAs). Changes in health insurance, funding driven by the administration's budget, is a growing concern for state retirees, particularly those over age 65. Ms. Bennett also shared results of a recent GSRA member poll showing that the absence of equitable pension funding and equitable COLAs is a significant concern among retirees. She praised GSRA members for establishing local chapters and for their efforts to educate and inform retirees and elected officials alike, and she encouraged those from surrounding areas to start their own chapters.

Senator Grant and Representatives Channell, Epps, and Anderson all noted the difficult struggles that the current economy has brought to

the budget process and its effect on employee benefits.

Representative Porter, acknowledging his candidacy for governor, drew a favorable response from the audience when he said, "More needs to be done to ensure that the state can attract and retain the quality of state employees that Georgia has enjoyed in the past" and further stating, "We need to find ways in the budget to fulfill our commitments to our retirees."



(Pictured l. to r.) Front Row: Bobbie Jean Bennett, GSRA State Sec'ty.; Lewis O'Neal, Chapter Pres.; Sen. Johnny Grant Back: Representatives James (Bubber) Epps, Dubose Porter, Mickey Channell, Lee Anderson.

GSRA Officers Meet with ERS Executive Director

GSRA President Claude Vickers and other GSRA officers met with the Employees Retirement System Executive Director Pamela Pharris in mid-May to discuss the upcoming Board of Trustees meetings and anticipated decisions. Pharris stated that the purpose of the "called" May 21, 2009 meeting would be for the Board to obtain all information that they felt was needed to make a decision at the ERS annual meeting on June 18, 2009 regarding COLAs for July 2009 and January 2010 and to set the employer contribution

rate for 2011. [Please see a report on the 5/21 ERS called Board meeting, following this article.]

Pharris stated that a change in the ERS COLA policy was not on the agenda for May 21st. The current COLA policy states that all retirees who are at least 45 years of age and have been retired for 7 months are eligible for any percentage COLA awarded by the Board. However, the COLA policy limits the pension amount to the social security wage base on which a COLA percentage is multiplied.

The GSRA Officers were given information that showed that the market value of ERS pension investments had risen from \$9.9 Billion on March 31 to \$10.3 Billion as of the end of April 2009. That is good news since the actuaries will include projections for “worst case” and “best case” scenarios.

Pharris stated that a partial conclusion to the Willis, et.al. vs. ERS is at hand. The litigation is the class action suit regarding the failure to update

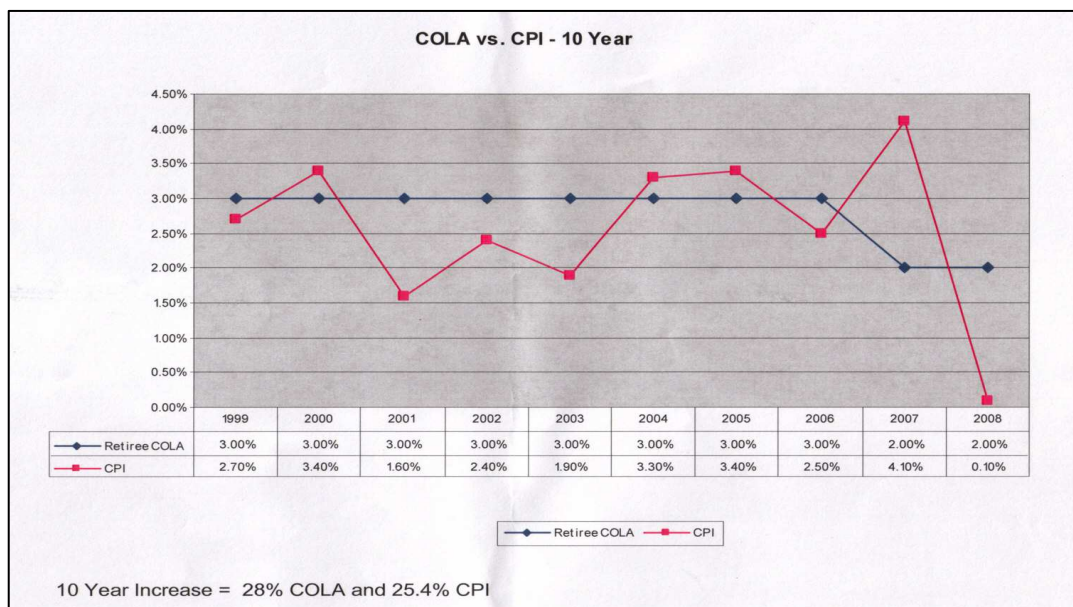
actuarial tables for pensioners who chose a reduced benefit in order to provide a benefit for a beneficiary. Pharris stated that the retroactive cost to the ERS system for adjusted payments to the affected individuals is \$32 million. ERS will submit payment within the next couple of months.

GSRA Officers appreciate Executive Director Pharris meeting to discuss these retiree issues.

ERS Board Holds “Called” Meeting on COLAs

The ERS Board of Trustees convened for a special meeting on Thursday, May 21, 2009 apparently in preparation for making the annual decision about awarding a Cost Of Living Adjustment (COLA) during June’s annual meeting. The only board member absent was Steve Stevenson. (Michael Kennedy attended via speakerphone.) Approximately 20 retirees attended the meeting.

ERS Executive Director Pamela Pharris began by reviewing the Consumer Price Index (CPI) for 2008 and providing the board members with a chart comparing the CPI with the ERS COLA for the past ten years. (See figure below) She also talked about how active employees had not received an across the board raise in four years.



Bill Cary of the ERS investment unit was asked to provide information about the status of investments for the previous year (real rate of return). He indicated that although the fund was way down that he saw some bottoming out and that at this point in time the fund is flat for this calendar year.

Pamela Pharris talked about a couple of handouts the board was given: one on prefunding of COLAs and one on the State’s fiscal status for April 2009.

(Unfortunately copies of these handouts were not available.)

Attending the special meeting were Rep. Howard Maxwell (Dist 17), chairman of the House Retirement committee, and Rep. Debbie Buckner (Dist 130), member of the House Retirement committee and the special House COLA study committee. Board chairman Hinton asked Rep. Buckner to speak about the committee’s

recommendations regarding the funding of future ERS COLAs. She stated these as prefunding a 1 ½ percent COLA by 1) increasing the employee contribution rate by ¼ percent, 2) increasing the employer contribution rate and 3) limiting the “pool” size – the number of retirees to which the COLA applies. A COLA above the 1 ½ percent prefunded level would be based on other factors such as CPI and the funding level of the pension fund.

She clarified for board member Ebersole that the board currently has the discretion to increase the employee contribution rate by the ¼ percent rate without a change in law. She also noted that the law was just changed this past session to limit the “pool” beginning July 1. (State employees hired after June 30, 2009 are not eligible for a COLA if they retire from the State. This does not apply to TRS.)

To see the entire House COLA study committee report go to:

<http://data.memberclicks.com/site/gsra/House%20Retirement%20COLA%20Study%20Committee%20Report%20-%20Final.pdf>

Board chairman Hinton then introduced Bill Tomlinson, vice-president of GSRA. Mr. Tomlinson presented historical information about how the state has treated its two main groups of employees: employees and teachers, over the past 40 years. In the 70’s and 80’s average salaries were higher for employees than teachers. In the 90’s this trend was reversed. Until recently retired employees always received the same COLA as retired teachers. Equity needs to be achieved on the issue of COLAs. Investments are handled the same for both funds.

The board voted next to go into executive session to discuss personnel matters and then adjourned afterwards.

SAVE THE DATE --- THURSDAY, JUNE 18: ERS BOARD ANNUAL MEETING –

COLAs ARE ON THE AGENDA!

**Annual Meetings begin at 8:30 a.m. in the first floor conference room at ERS
Beta Building, Two Northside 75, Atlanta, GA 30318**

Plan to arrive early – space is very limited.

For Details, visit www.ersga.org

Board of Community Health Sets Rates for State Health Benefit Plan

The Board of Community Health (Board) approved employer contribution rates for the State Health Benefit Plan (SHBP) for **FY 2010** and retiree premium rates as announced for July 1, 2009 as presented by the Department of Community Health (DCH) on May 14, 2009.

Employer rates for FY 2010 have been restored to just under the pre-FY 2009 rate for State Departments, at 22.165% of salaries. The local school systems rates were approved as follows:

- 18.534% of state-based salaries for certificated personnel;
- \$82,216,077 paid on a quarterly basis for teachers who retired prior to January 1, 1979

and the State’s portion of cost for public school employees; and

- \$162.72 per member per month by local school board for public school employees.

In addition, the **July 1, 2009 over-age-64 retiree rates** for retirees without Medicare Part B were approved. Briefly stated, the rates as listed for January 1, 2009 have been increased by \$300 per month if the over-age-64 retiree did not enroll in Medicare Part B between January and March 2009. For those retirees who did enroll in Medicare Part B, the premium rates were substantially reduced and will be available on the DCH website (<http://dch.georgia.gov>).