

Happy Holidays!

Warm wishes for the holiday season

Senate Bill 167 Actuarial Study Update

As previously reported, SB167 was drafted and filed during last year's legislative session. SB167 provides for semiannual post-retirement benefits for all retired state employees and their beneficiaries, including those covered by the GSEPS Plan (GSEPS members are prohibited by current state law from receiving post-retirement benefit adjustments). As with any measure that could substantially impact the state's revenues or expenses, SB167 was referred for actuarial review. The long anticipated report detailing the results of the Actuarial Investigation of Senate Bill 167 (SB167) has finally been completed and released to the appropriate state officials. A copy of the report can be found on GSRA's webpage, and GSRA members are encouraged to [read the report](#). A brief summary of the findings follows below.

As expected, the Actuarial Investigation determined that the financial impact of SB167 was very large. According to the Actuarial Investigation, the total unfunded actuarial accrued liability resulting from the implementation of the provisions of SB167 would be \$5,022,021,000. Based on a

20 year amortization of the total unfunded liability created by this bill, the annual cost of implementing this bill would be \$523,350,000.

The annual cost figure of \$523,350,000 is further broken down into two cost estimates. The larger of the two cost estimates is the annual cost of \$482,820,000 per year for the next twenty years to amortize the unfunded actuarial accrued liability. The remaining \$40,530,000 per year represents the funds needed to pay the normal costs of the post-retirement benefits.

Based on the findings of the Actuarial Investigation, it would appear that GSRA and its friends in the legislature face an uphill battle getting SB167 in its current form passed through the General Assembly and signed into law by the Governor.

However daunting the task may be, GSRA is prepared to maximize its efforts during the upcoming legislative session to reach our goal of having the annual post-retirement benefits restored.



Jim's View: SB167 – As I see it

As is discussed elsewhere in this newsletter, the Actuarial Investigation of SB 167 paints a pretty grim picture of the financial cost of implementing the provisions of SB 167.

According to the Actuarial Investigation, implementing the provisions of SB167 will add approximately \$5 billion dollars to the unfunded actuarial liability of the Fund. At

first glance that much additional unfunded actuarial liability would seem to make the chances of SB167 being passed and signed into law very slim. However, according to the Actuarial Investigation, the year to year cost of implementing SB167 is \$522,350,000 (a little more than \$522 million). Looking at the cost on a year to year basis makes the cost of implementing SB167 much more doable. \$522 million dollars is not an overly large figure when you

are working with a multi-billion dollar budget in a growing and prosperous state like Georgia. The state can afford the additional \$525 million annually that it may cost them to restore the 3% post-retirement benefit. In a budget that exceeds 25 billion dollars, an additional \$600 million to the ERS Fund represents only 2-3% of the total state budget.

We have long advocated using the Mid-Year Budget process as a way to make a large sum allocation to the ERS Fund (in addition to the normal ADEC contributions that the State of Georgia is required to make) to offset the cost of restoring the annual 3% COLAs. Now that the Actuarial Investigation is completed, we can quantify the amount of lump sum allocation needed to begin the process of restoring the annual COLAs.

Having said that, it will take a major, major lobbying effort by GSRA to be successful in getting SB167 through the General Assembly and signed by the Governor.

At the state level, we have already begun to schedule meetings with the Chairman of the House Appropriations Committee, the Chairman of the House Retirement

Committee, and with the Governor's Policy advisor. We are also currently working on scheduling meetings with other key legislators.

Now is the time for our members, their families, loved ones, and beneficiaries to lobby their state representative and senator to urge them to support the passage of SB167 in some form this year. They may not be familiar with SB167, but you can explain to them that it is a bill to restore COLAs in order to ensure that state retirees' pensions are protected from diminishing purchasing power over time as specified in the Official Code of Georgia, Annotated.

While I do not know how things will turn out, I assure you that I, along with the other members of the GSRA Board, will be working very hard to build support for SB167.

I know that I can count on your support in our efforts to have the COLAs restored.

Jim

GSRA Officers and Board Members for 2022

The 2021 GSRA Annual Meeting has come and gone, and with it, the election of Officers and Members to the Policy and Operations Board is in the books. Congratulations to those have been elected, and many thanks to them for their

willingness to serve. GSRA is proud to present the 2022 P&O Board:

GSRA Officers and Policy and Operations Board Members for 2022

President: Beverly Littlefield
President-elect: Vacant (this could be you!)
Treasurer: Harold Grindle
Secretary: Allan Hill

At Large Board Members for 2021-2022:
 Sadie Rogers
 Dan Coffee
 Sam Shepherd

At Large Board Members for 2022-2023:
 Melissa Belk-Teague
 Marlene Autry
 Joy Evans

Local Chapter Board Members:
 Bob Pollock
 Cindy Tharpe
 Lynnell Hayes
 David Taylor

GSRA is fortunate to have individuals who are committed and willing to serve. For most Board members, being on the Board takes a commitment of just three hours a month for the monthly meeting. For others, it also includes several hours a month serving on committees, such as the

legislative, membership or Annual Meeting committees. GSRA can only be as strong as those members who step up to donate their time and efforts to making it strong. Every GSRA member owes a debt of gratitude to those who accept that challenge. Thanks for all that you do!



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This credit union is federally insured by the National Credit Union Administration.

APCU partners with Member 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 Shweta Ramani, a Managing Associate with Member 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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