



Newsletter

ERS 2013 Audit Report

The Employees Retirement System released and posted on the ERS website the [FY 2013 annual financial audit](#) for the combined pension funds being administered by the ERS. KPMG, the contracted certified public accounting firm, issued a statement that “In our opinion, the financial material . . . in all material aspects . . . ended in accordance with US generally accepted accounting practices.” GSRA lifts some of the facts from the audit report that are of interest to the active and retired populations.

The net financial position of the combined pension funds increased by \$871,580,000 or 5.9% during FY 2013 over FY 2012. The increase is a result of total revenue of \$ 2.4 billion less payments of \$1.5 billion, with investment income increasing by \$1.9 billion in FY 2013. Table 1 shows the net position of the combined funds. Table 2 shows the asset allocation for the two years.

	FY 2013	FY 2012	Amount Change	% Change
Net Position	\$15,624,281	\$14,752,701	\$871,580	5.9%

	FY 2013	FY 2012	% as of 2013	% as of 2012
Equities				
Domestic	\$ 7,887,778	\$7,320,797	51.8%	50.3%
International	2,485,682	2,279,125	16.3	15.6
US Obligations				
Treasuries	2,019,495	2,286,690	13.2	15.7
Agencies	18,074	13,182	0.1	0.1
Bonds	1,605,803	1,439,459	10.5	9.9
Int Obligations				
Gov'ts	85,050	151,527	0.6	1.0
Corporates	82,707	81,180	0.6	0.6
Mutual and common trust Funds/sep accts				
Total	1,057,421	995,115	6.9	6.8
Total	\$15,242,010	\$14,567,075		

As shown in the table, the total investment portfolio increased by \$675 million in FY 2013, which is primarily due to the increase in the equity markets. The investment rates of return are reflected in Table 3.

	FY 2013	Five-Year
Equities	19.4%	5.5%
Fixed Income	(0.6)%	5.3%
Total Rate of Return	13.3%	6.3%

The number of retirees and active employees in the ERS as of end of FY '13, and FY '12 is reflected in Table 4. By September 2013, the number of retirees increased to 44,822, an increase of another 276.

	2013	2012
Retirees & Beneficiaries	44,546	42,053
Active Plan members	61,554	63,963
Total	106,100	106,016

The employer contribution rates for active plan members are reflected in Table 5.

	Old Plan	New Plan	GSEPS
Normal	1.57%	6.32%	2.96%
Employer Paid for member	4.75	--	--
Accrued Liability	8.58	8.58	8.58
Total	14.90%	14.90%	11.54%

(Note: The 2012 actuarial report shows that the employer rate is increased in FY 2014 from 14.90% to 18.46% with 15.18% for GSEPS and that with the Funding Ratio at 73.1%, the FY 2015 rates will need to increase to 21.96% (including the Employer pick-up) for the Old and New Plans and 18.87% for GSEPS members.)

ERS Board Approves Legislative Agenda

The Employees Retirement System Board met on October 17, 2013, and approved legislative initiatives for the 2014 General Assembly. Executive Director Jim Potvin also discussed the service activities of the department.

Legislation will be pursued jointly by the Teachers Retirement System and Employees Retirement System in order to comply with the required Internal Revenue Regulations regarding §415 limitations for computing maximum benefits and contributions. Both retirement plans are administered in compliance with these limitations; however, the IRS’s favorable ruling for qualified plans is contingent on modifications to Georgia law in 2014 to comply with federal law.

Minor “clean-up” legislation will remove language regarding Governmental Standards Board (GASB) statements that are no longer appropriate because the specific references are “old” and have been superseded by other statements. The “clean-up” legislation will modify the Public Retirement Systems Standards Law as opposed to specific ERS or TRS authorizations.

Currently, members of the ERS Georgia State Employees’ Savings and Pension Plan (GSEPS) are automatically enrolled in the 401(k) portion of GSEPS to contribute 1% of their compensation. The state departments also contribute 1% of compensation and will match the member’s contribution at 50% for up to an additional 4% of compensation. Therefore, if the member participates at the full match rate, the member is setting

aside 5% of his/her compensation and the state is contributing 3% of compensation for 401(k) retirement benefits. The proposed legislation will change the automatic enrollment for new employees from 1% to 5% of compensation; however, the member can decrease or discontinue his/her contribution at any time.

Director Potvin stated that as of September 30, 2013, GSEPS membership is 19,556 and that 17,519 are actively contributing to the 401(k) plan. The monthly “opt-out” rate has decreased from 13% in September 2012 to 3.3% in September 2013. The percentage contributed to the 401(k) plan has changed in the last year as reflected in Table 6.

<i>Percentage Contribution by Percentage of GSEPS Members</i>		
<i>Table 6</i>		
<i>Contribution %</i>	September 2012	September 2013
0%	10.8%	10.4%
1%	70.4%	65.1%
2% - 4%	7.4%	10.2%
5%	7.8%	9.6%
6% - 8%	1.6%	2.1%
More than 8%	2.2%	2.7%

Director Potvin stated that the ERS is distributing monthly benefits to 62,065 retirees and beneficiaries in all eight retirement systems administered by ERS. He also reported that in FY 2013, 1,307 deceased group term life insurance members were paid a total of \$32,091,922.

SHBP Releases OPEB Report

The Department of Community Health recently released the Other Post-Employment Benefit (OPEB) report for the State Health Benefit Plan as of June 30, 2012. As required by the Governmental Accounting Standards Board (GASB), public employers’ liability for retiree health coverage is actuarially assessed on an annual basis. A simple explanation for the requirement is that public employers should fund the liability for health care expenses for retirees in the same manner as it funds retirement benefits for its employees—during their working careers. If the employer is operating in an actuarially sound manner, there is an annual required amount to be set aside

each year so that the liability can be amortized over a period of 30 years.

Georgia has adopted legislation to separate the financial reporting for retiree health care for State Employees and the School Personnel. The legislation also establishes separate Trust Funds for accounting and reporting financial information for each of these Trust Funds. Table A reflects the unfunded liability for each Trust Fund for fiscal years 2011 and 2012. The unfunded liability reduction of \$716,873,837 is primarily a result of members’ increased out-of-pocket cost and increased premiums that were implemented in CY 2013.

<i>Unfunded Liability</i>		<i>Table A</i>
	2012	2011
<i>State Employees</i>	\$ 3,867,926,833	\$ 4,311,635,522
<i>School Personnel</i>	10,869,929,923	11,143,125,071
<i>Total</i>	\$14,737,886,756	\$15,454,760,593

Actuarial projections were made using the various retirement systems workforce statistics and the number of retirees and spouses covered as retirees. The State Employees Trust Fund liability is based on the numbers covered in Table B, and the School Personnel Trust Fund liability is based on the number of members covered in Table C.

<i>State Employees OPEB Fund</i>			<i>Table B</i>
	EE's	Spouses	Total
<i>Retirees Under age 65</i>	12,935	5,693	18,628
<i>Retirees Over Age 65</i>	20,766	6,014	26,780
<i>Total Retirees</i>	33,701	11,707	45,408
<i>Active Members</i>	49,693	NA	49,693
<i>Total EE's & Retirees</i>	83,394	11,707	95,101

<i>School Personnel OPEB Fund</i>			<i>Table C</i>
	EE's	Spouses	Total
<i>Retirees Under age 65</i>	25,676	8,773	34,449
<i>Retirees Over Age 65</i>	46,277	14,561	60,838
<i>Total Retirees</i>	71,953	23,334	95,287
<i>Active Members</i>	175,115	NA	175,115
<i>Total EE's & Retirees</i>	247,068	23,334	270,402

The Annual Required Contribution for the State Employees Trust Fund for FY 2012 was assessed at \$317.1 million and the School Personnel was assessed at \$1,054.7 million (total for SHBP of \$1,371.8 million). As previously reported, Georgia is funding retiree health insurance on a "pay-as-you-go"¹ basis; therefore, the FY 2012 employer contribution of \$181.9 Million was 57.4% of ARC for the State Employee Trust Fund and the contribution of \$380.9 million was 36.1% of ARC for the School Personnel Trust Fund. The actuarial report states that if the contributions are not increased to the required levels, the Funds will not be operating in an actuarially sound manner.

¹ "Pay-as-you-go" means employer contribution is the required amount for the claims and contract rates to cover the retirees less the premium amounts paid by the members.

GSRA Member is an Author



Alice Carnahan with her dog, Jonathan

Proving yet again that Georgia state retirees are an active and talented group, Northwest Metro local chapter member Alice Carnahan recently had a book published. Alice, who retired from the State Board of Workers' Compensation in 2007, had been working on what she terms a "labor of love" for many years. The book, *Wolfsong in Georgia: Memoirs of a German Shepherd Dog Family*, is a compilation of true stories about the lives of the one litter of German Shepherd puppies that she and her husband bred. The couple kept four of the pups, and the book chronicles their stories and pictures, running the gamut from funny to tragic and everything in between. The book is available in all e-book formats and as a paperback.

Make Plans Now to Attend!

**GSRA Day at the Capitol/
Legislative Reception**

January 29, 2014

Atlanta

Local Chapter Highlight – West Georgia/Columbus



West Georgia/Columbus local chapter officers are: Front Row - Treasurer Elizabeth Eustis, Secretary Avanell Carr, Second Vice-President Margaret Gosden, President Connie Smith; Back Row – LG Warren, Public Relations, Gail H. Warren, Membership, Vice-President Dean Crist

Meeting Schedule	3 rd Tuesday in February, May, August and November. 11:30 to 1:00
Meeting Location	Epworth United Methodist Church, 2400 Devonshire Drive, Columbus, GA 31904
Counties Covered	Chattahoochee, Harris, Marion, Muscogee, Randolph, Stewart, Taylor, Troup, Webster and East Alabama
Members From	DFCS, DCSS, WCGRH, DPH, DOL, DOT, DNR, DPS and DJJ
Membership	134
Chapter's Highlights last six months	Recruited 8 new members and passed out over 200 GSRA brochures at the Retiree Health Insurance Meeting Oct 22 nd . At our Aug 20 th meeting Andrea Abercrombie, Communications Assistant with DCH, gave a presentation and answered questions. Other special guests were Bill Tomlinson, President of GSRA, Representatives, Debbie Buckner, Carolyn Hugley and John Pezold and Senators Ed Harbison and Josh McKoon. There were 68 attendees and we recruited 6 new members and a renewal. May 21 st meeting Ashley Hawthorne, Matt Ellis and Scott Donahue, Financial Planners with Wells Fargo, gave a very informative and well received presentation.
Chapter's 2013 Goals	Add 40 new members in 2013. As incentive, the chapter will give a \$25 restaurant gift card at our Feb 2014 meeting to the member recruiting the most new members in 2013.
Chapter's next program or fun event	Nov 19 th meeting Dawn Aden will be speaking on Long Term Care and who might or might not benefit from LTC insurance. She will provide lunch for the chapter.

Local Chapter News

Georgia Retired Educators

The Georgia Retired Educators local chapter met September 30, holding its meeting in conjunction with the GA Retired Educators Social Club. The meeting began with breakfast and an opportunity for members to visit and catch up with one another. The crowd of over 40 people was the largest chapter gathering in over two years and generated a number of new members, including guest speaker, Senator John Wilkinson from Toccoa, a former employee of the Georgia Department of Education who now serves as the Chairman of the Agriculture and Consumer Affairs Committee and as Vice-Chairman of the Education and Youth Committee.

Senator Wilkinson entertained with anecdotes about his experiences with the Department of Education and the start of his political service. He also made comments about education issues, discussing the impact of Federal and State testing on students, teachers, and administrators, recent innovations regarding development of career clusters/career pathways in Career & Technical Education, the Common Core Curriculum and recent controversies associated with its acceptance in Georgia, and the Race to the Top Initiative's cost/value ratio.

His closing comments centered on issues that directly affect employees and retirees --replacing the state income tax with a state sales (consumption) tax; lack of a cost of living increase for state workers and ERS retirees in eight years; and the cost shifting of health insurance to employees and retirees. He did not think that we will see the movement to a state sales tax occur any time in the near future.

The next guest speaker was BJ Bennett, former GSRA President and current Treasurer, who spoke on 2014 State Health Benefit Plan changes, rates and trends. She mentioned the shortened open enrollment period and gave directions for locating the details on when and where the informational meetings for employees and retirees would be held around the state, as well as provided other important details and information regarding the 2014 SHBP plan changes for both under and over 65 members.

Following Ms. Bennett's presentation, President John Arrington called a business meeting to order, where a slate of new officer nominees was presented and unanimously elected, including: Phil Hulst, President, Janie Smith, Vice-President, Ray Bouchillon, Secretary, and Clinton Thompson, Treasurer. As a final item of business, new Vice-President Smith took a few minutes to lead the group

in recognizing the work and accomplishments of two-term former President John Arrington.



Senator John Wilkinson addresses GRE local chapter



GRE Former President John Arrington, President Phil Hulst, GSRA Treasurer BJ Bennett, Senator John Wilkinson, Vice-President Janie Smith, Treasurer Clinton Thompson and Secretary Ray Bouchillon

Savannah Coastal Area

Savannah Coastal Area local chapter held a meeting October 23, with approximately 30 members attending. Guest speaker for the meeting was Reverend Mary Brumley, chaplain at St Joseph/Candler Hospital in Savannah. Reverend Brumley helps patients and their families with advance directives for health care, and she



Savannah Coastal Area local chapter members at the October meeting

provided the meeting attendees with a template advance directive, explained the instructions for completing it and answered many questions about the process. As an added bonus, Reverend Brumley’s presentation covered an area of information that was part of the Annual Meeting agenda in Athens, so members who weren’t able to attend the workshop in Athens still got some of the valuable information.

SHBP Members

Look for your new SHBP Member Identification Card in December. Make sure that the deduction for the SHBP from your payroll or retirement check is correct in December, 2013.

October New Members

Name	County	Name	County	Name	County
Karan Albritton	Sumter	Brenda Griner	Glynn	Michael Newbourn	Upson
Gail Anderson	Fulton	Sue Harmon	Hall	John Page	Dougherty
Suzanne Baggett	Whitfield	Andrea Harper	Dekalb	Virginia Palmer	Polk
Linda Bell	Floyd	Betty Harris	Paulding	Angela Parker	Fulton
Emmett Bentley	Marion	Victoria Haynes	Dougherty	Christene Peek	Burke
James Binnicker	Gordon	Daniel Holder	Taylor	Lulline Phillips	Richmond
Sara Brown	Polk	Laura Hudlow	Gwinnett	Susan Rosentreter	Dekalb
Sue Ellen Bryant	Gordon	John Hulst	Fulton	Lucy Seabolt	Gwinnett
Lindy Clark	Rockdale	David Jarrett	Clarke	Joy Seabrook	Coweta
Virginia Coffee	Taylor	Vicki Johnson	Elbert	Barbara Smith	Dekalb
Terry Dalrymple	Franklin	Ken Kramer	Hancock	Terry Smith	Dekalb
Priscilla Darby	Glynn	Dan Kullen	Gwinnett	Jean Stafford	Bibb
Phoebe Dawson	Muscogee	Brenda Layman	Floyd	John Taylor	Clayton
Joseph Dicks, Jr	(Florida)	Harry Leach	Gwinnett	Irvin Thompson	Ware
David Ellis	Thomas	Laura Long	Dekalb	Alison Tipton	Floyd
Rebecca Fletcher	Coffee	Wanda Love	Bartow	Myra Tolbert	Dekalb
Jane Florkowski	Dekalb	James McCallar	Gwinnett	Toni Turner	Spalding
Leigh Gafford	Butts	Gail McGahee	McDuffie	John Wilkinson	Stephens
L. Garner	Jackson	Marie Miller	Coweta	Helen Williams	McDuffie
James Garner, Sr	Jackson	Jimmy Mize	Cobb	Brenda Williford	Meriwether
Cynthia Greene	Cobb	Larry Morris	Gwinnett	Diane Young	Laurens



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Questions About or Help with Anything GSRA

If you have questions about or need help with anything related to GSRA contact help@mygsra.com or call 770-312-2799.

Georgia State Retirees Association

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