



Newsletter

Alternative Investments Update

*Provided by Jim Potvin, Executive Director
Employees Retirement System of Georgia*

Senate Bill 402 (SB 402), passed by the Georgia General Assembly and signed into law by Governor Deal in 2012, allows the Employees' Retirement System (ERS) and many other large pension systems in Georgia to invest for the first time in certain "alternative investments" outside of traditional equities and bonds.

The introduction and passage of SB 402 was viewed with concern by some legislators and a significant portion of the GSRA membership. Proponents of the bill, including myself and the ERS Board of Trustees, believe that an investment in the alternatives space can provide ERS with diversification opportunities beyond what our investment professionals have been able to utilize in the past, resulting in an improvement in the performance of the portfolio.

The bill contained a number of provisions designed to protect the system. Among the most significant: ERS cannot make an investment unless it is joined by at least four other investors under the same terms; ERS cannot hold more than a 20% interest in any one investment; and ERS may not invest or commit more than 5% of the portfolio in total (and no more than 1% of the portfolio in any given year for at least the first five years).

A little over a year has passed since SB 402 was enacted. As promised during the 2012 debate, the Division of Investment Services (DIS) has taken a very deliberate approach to the implementation of the new alternatives strategy – so deliberate, in fact, that ERS has yet to commit to any investment newly permitted by SB 402. They began by launching a national search to hire internal staff to lead the strategy, and were extremely pleased when that search resulted in the November 2012 hire of two experienced professionals: Catharine Burkett and Ben Cahyono. Between them, Catharine and Ben bring decades of experience in alternative investment classes, in the public sector, with large foundations, and with private investment managers. (**Alternative Investments continued on page 2.**)

Table of Contents	Page
Alternative Investments Update	1
Annual Meeting Update	4
SHBP Change	1
SHBP Options - 2014	3
SHBP 2014 Rates	4

2014 SHBP Options Change

On January 1, 2014, State Health Benefit Plan vendors are changing and members will have multiple (but different from 2013) health care options, reduced premiums from 2013 for some options, increased premiums for some options, and new enrollment processes.

The Board of Community Health approved plan design options on August 8th based upon the Department of Community Health's decision to award SHBP contracts to Blue Cross and Blue Shield of Georgia, Express Scripts, and HealthWays. BCBSGA will administer the claims processing and medical management for three "self-insured"¹ options offered under the SHBP; Express Scripts, Inc. will administer the prescription drug program for the three BCBS options, and HealthWays will administer the Wellness activities for the three BCBS options. DCH Commissioner Clyde Reese further explained that DCH has released a "Direct Award Proposal" for an HMO contractor for a "fully insured"² product to mirror the "self-insured" plan design for a 9 county Atlanta area. The Board vote was split on the plan design because not all SHBP members would have availability to the fully insured options. The Board vote was 5 "ayes", 3 "nays", and 1 abstention.

SHBP Open Enrollment

SHBP Open Enrollment will be a little later and a little shorter than usual. **It begins on October 21st and ends at close of business on November 8, 2013 for January 1, 2014 coverage.**

¹ Self-Insured means that the employer (DCH) is taking all the risk for all of the liabilities of the plan.

² Fully Insured means that the contractor (insurance company) is talking all the risk for all of the liabilities for the year for a premium.

SHBP Director Trudie Nacin presented the plan design options to the Board. She commented that the Plan was ending FY 2013 with a fund balance of \$219+ million, which is a great improvement over the last several years. The SHBP options will look different in 2014, but will:

- track those available under the Accountable Care Act's exchanges
- comply with the ACA,
- include consumerism,
- provide member choice, and
- encourage wellness/preventive care.

The ACA requires employers to provide at minimum "essential" benefits that are actuarially valued³ at a base level of 60%, usually referred to as the "Bronze" plan. Employers may and the ACA Exchanges will add a "Silver" benefit level that is actuarially valued at 70% of medical cost, and a "Gold" benefit level that is actuarially valued at 80% of cost. What that means is that the member will pay through deductibles, coinsurance and copays the remaining 40% for the "Bronze" option, or 30% for the "Silver" option, or 20% for the "gold" option.

Nacin presented the options outlined on page 3 to replace 2013 options. SHBP active members and under age 65 retired members will be offered three PPO options referred to as "Bronze", "Silver", and "Gold" and will include a Health Reimbursement Account amount. Nacin stated that any member selecting the "Bronze" level of coverage will see their premium reduced. She further explained that members selecting the "Silver" option will see:

- a premium reduction if their 2013 option is an HMO,
- a premium increase if their 2013 option is an HDHP, and
- a premium reduction for some enrollment tiers if their 2013 options is an HRA but a premium increase for some enrollment tiers.

Members who select the "Gold" option will experience an increase in premium in 2014.

A Medicare Advantage Option with BCBS will be provided for over age 65 retirees that will mirror the 2013 benefit option. The rates for the over 65 retiree (or spouse) will not change for 2014.

You are probably wondering when and how you will be given more information. Enrollment processes will also change for CY 2014. DCH has a new website portal for

³ For the federal government definition refer to the CMS website, <http://www.cms.gov/CCIIO/Resources/Files/Downloads/av-calculator-methodology.pdf>

electronic enrollment and "help" counselors. Decision Guides will be mailed ONLY to those 21,000 retirees who returned the postal card requesting a "print" copy of the booklet. A copy of the Decision Guide will be posted to the DCH website before October 21st. You will not receive a "paper" change form. Instead you must enter your selection via the website or via the telephone. DCH has posted information about the website and Facts at <http://dch.georgia.gov/shbp-news>. Retiree meetings will be held; however, the dates are not yet available.

CY 2014 member premium amounts were also approved on August 8th. The 2014 premium rates are shown on page 4.

SHBP Plan options continued on page 3.

Questions for Legislators Needed!

One of the featured presentations planned for the Annual Meeting is a moderated panel discussion between four key state legislators (see Annual Meeting agenda below for more details) regarding **how the State of Georgia will meet its commitments (including commitments to retirees) and deliver services over the next five years**. As part of that presentation, GSRA would like to use members' questions to the legislators. If you have a question you'd like to ask, please email it to:

Kip Mann

kipmann@bellsouth.net

Subject: Questions for Legislators

Alternative Investments

 continued from P. 1

Catharine and Ben have spent their initial months setting up the necessary infrastructure. They have written policies (which have been approved by the ERS Board's Investment Committee), created databases, implemented new accounting procedures, and participated in the search for a legal advisor to assist them with partnership contracts. They have made the strategic determination that they will focus on private equity investments, both in the primary and secondary markets. They have taken dozens of meetings with fund managers and prospective general partners as they narrow down the potential offerings and identify opportunities that they believe have the most

potential. Most likely, they will make their initial commitments before the end of 2013.

The DIS has a very good track record of providing strong investment performance (when compared to the median performance of our peer systems) while utilizing a lower-than-average level of risk in the portfolio. The

addition of a new permissible set of investment opportunities does nothing to change their overall investment philosophy; rather, they will use the alternative investment space only insofar as it helps them to advance the overall goal of maximizing risk-adjusted returns of the portfolio.

CY 2014 SHBP Options (Summary Benefits)- Approved 8/8/2013

	<i>Bronze Option</i>		<i>Silver Option</i>		<i>Gold Option</i>	
	In Network	Out of Network	In Network	Out of Network	In Network	Out of Network
<u>Medical Benefits</u>						
<i>Deductible</i>						
<i>You</i>	\$2,500	\$5,000	\$2,000	\$4,000	\$1,500	\$3,000
<i>You + Child(ren) or Spouse</i>	3,750	7,500	3,000	6,000	2,250	4,500
<i>You + Family</i>	5,000	10,000	4,000	8,000	3,000	6,000
<i>Plan Pays for covered medical Expense After Deductible</i>	75%*	60%*	80%*	60%*	85%*	60%*
<i>ACA Preventive Care – Plan Pays</i>	100%	Not covered	100%	Not covered	100%	Not covered
<i>Out-of-Pocket Limit</i>						
<i>You</i>	\$ 6,000	\$12,000	\$ 5,000	\$10,000	\$4,000	\$ 8,000
<i>You + Child(ren) or Spouse</i>	9,000	18,000	7,500	15,000	6,000	12,000
<i>You + Family</i>	12,000	24,000	10,000	20,000	8,000	16,000
<i>Base HRA Contribution</i>						
<i>You</i>		\$100		\$200		\$400
<i>You + Child(ren) or Spouse</i>		150		300		600
<i>You + Family</i>		200		400		800
<u>Pharmacy Benefits</u>						
<u>Tier 1</u>	15%, Min \$20, Max \$50		15%, Min \$20, Max \$50		15%, Min \$20, Max \$50	
<u>Tier 2</u>	25%, Min \$50, Max \$80		25%, Min \$50, Max \$80		25%, Min \$50, Max \$80	
<u>Tier 3</u>	25%, Min \$80, Max \$125		25%, Min \$80, Max \$125		25%, Min \$80, Max \$125	

“CY 2014 SHBP Options (Summary Benefits)- Approved 8/8/2013” means the options that will be offered with Blue Cross and Blue Shield as the Administrator and Express Scripts as the Pharmacy Provider. Should DCH contract with an HMO for the Atlanta Area, the benefits will be the same as above but will be provided by that HMO’s providers.

“In-Network” means Blue Cross and Blue Shield contracted providers.

“HRA Contribution” amount will be established for all members. The amount can be used for out-of-pocket costs and will be further explained in the communication materials.

*Percentages and dollar amounts are calculated on the “allowed amount.”

GSRA recorder’s view is that the “Bronze” Option is a substantial reduction in benefits but with lesser premium, the “Silver” Option is a reduction in benefits and is provided at a lower premium for most enrollment tiers; the “Gold” Option is close (little improved) to the Wellness HRA, however, at a higher premium.

2014 SHBP Rates on Page 4 are compared to the 2013 Standard HRA and HMO (UHC) rates because these are the most prevalent options for which members are currently enrolled.

<i>Active Members and Retirees Under Age 65 (Monthly)</i>					
	2014 Bronze	2014 Silver	2014 Gold	2013 Standard HRA (UHC)	2013 Standard HMO (UHC)
<i>You</i>	\$ 66.28	\$108.64	\$166.08	\$104.92	\$149.38
<i>You + Child(ren)</i>	\$130.74	\$202.74	\$300.38	\$271.26	\$325.88
<i>You + Spouse</i>	\$195.96	\$284.90	\$405.52	\$286.66	\$347.34
<i>You + Family</i>	\$260.40	\$379.00	\$539.84	\$364.54	\$430.96

Don't Miss the 2013 Annual Meeting!

October is approaching quickly, and the GSRA 2013 Annual Meeting Planning Committee is currently hard at work finalizing an exciting agenda and the logistics associated with the upcoming, revamped Annual Meeting.

Following is a highlight of important meeting information. **If you haven't already done so, by all means, make your plans to attend and [register now!](#)**

When: October 14-15, 2013	Where: Classic Center in Athens, Georgia	Cost: Registration (August 1 – September 30): \$25 Late Registration (After September 30 and On-Site): \$30
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2013 Annual Meeting Agenda

Monday, October 14, 2013:

10:00 a.m. Registration Begins

Athens Regional Medical Center will provide Health Screenings for registrants from 10:00 a.m. to 12:00 p.m.

1:00 p.m. **Sessions begin with welcoming attendees and a brief update from GSRA President. State Representative Brooks Coleman will motivate attendees by presenting why public service and employees matter.**

2:30 p.m. **Free tours of Athens** are provided for Paid Registrants while a **Local GSRA Chapter Officer Training session is conducted.**

5:00 p.m. Welcome Reception

7:00 p.m. Dinner on your own

7:30 p.m. **Free Admission to the music venue, The Melting Point**

Tuesday, October 15, 2013:

8:00 a.m. Late Registrations

9:00 a.m. **Concurrent Workshops**

Tips for Successful Traveling: Experienced travel agent will provide tips and strategies to help you plan a successful trip, whether for a weekend getaway or a grand tour.

Preserving Your Past/Planning for Your Future: Helping you to identify the right questions to ask and document for those who are interested in the family's heritage and helping you identify the documents, accounts, passwords, etc., that may be needed if you are incapacitated.

Useful Investment Ideas to Consider: Investment professional will provide useful tips and strategies for managing your investments for a more secure retirement. Your QUESTIONS will be appreciated.

Tuesday, October 15, 2013 (continued)

Long Term Care Options: The session will address the reasons why long term care planning is important to your well-being and the options to consider while you build your long term care strategy.

10:30 a.m. Repeat Concurrent Workshops

11:45 a.m. Boxed Lunch

12:15 p.m. **General Session**

Georgia's Changing Demographics: *UGA's Mathew Hauer identifies Georgia's changing demographics and what that may mean for the future.*

The Governor's Vision for Georgia over the next five years will be presented by his representative, **Teresa MacCartney, Director of the Office of Planning & Budget.**

Key Legislators Share their ideas to ensure that Georgia can meet its commitments, objectives and deliver services to citizens over the next five years in a session moderated by **WABE Radio host Dennis O'Hayer**

Senator Jack Hill, Senate Appropriations Committee Chair

Senator Fran Millar, Senate Retirement Committee Chair

Representative Stacey Abrams, House Minority Leader

Representative Terry England, House Appropriations Committee Chair

2:30 p.m. GSRA Plenary Session, including Door Prize Drawings.

4:00 p.m. Adjournment

Wednesday, October 16, 2013:

9:00 a.m. Repeat Athens Tours (paid registrants) for those who extend their stay.

Hotels

HOTEL	PHONE	CODE	RATE	LINK
Foundry Park Inn & Spa	866-928-4367 or 706-549-7020	GE1014	\$89	www.foundryparkinn.com
Hilton Garden Inn	877-782-9444 or 706-353-6800	00GSR	\$124	www.hi-athens.com
Holiday Inn	877-807-1998 or 706-549-4433	GSR	\$95	www.hi-athens.com
Holiday Inn Express	877-410-6667 or 706-546-8122	GSR	\$85	www.hi-athens.com

Registration

Register by Credit Card: Only members can register by Credit Card on the GSRA website. If registering a spouse who is not a GSRA member, the registrant must print and complete the form and register by mail/check.

Register by Check: Print a form for each registrant and mail with check to:

**Georgia State Retirees Association
P.O. Box 108
Bethlehem, GA 30620**

State Tax Reform a Concern for Retirees

Georgia state taxes are being studied by at least one committee created in the 2013 legislative session and are the topics of at least two other bills. The types of "reforms" being considered will greatly increase the amount of taxes virtually all of us retirees pay. These reforms will limit growth in (if not cut) state revenues and effectively end any chance we might ever have of receiving cost of living adjustments or stabilizing the cost of our health insurance. The link below is to a new study by the Georgia Budget and Policy Institute (GBPI) on the effects of potentially pending "tax reform."

http://gbpi.org/wp-content/uploads/2013/08/Tax-Shift-Plans-Threaten-Georgias-Future1.pdf?utm_source=Income+Tax+Campaign&utm_campaign=Income+Tax+General&utm_medium=email

Those of us between 62 and 65 will not benefit from the elimination of income taxes on our first \$35,000 of income (per individual) because we do not pay any income taxes on that amount. Those of us 65 and older will not benefit from the elimination of income taxes on our first \$65,000 of income (per individual) because we do not pay any income taxes on that amount. So the impact on us will be even worse than that described in the GBPI study.

GSRA will continue monitoring so called tax reform activities and will alert members as conditions merit.

Local Chapter News

Central Metro

The Central Metro Chapter met on July 11 and welcomed guest speaker Bill Tomlinson, GSRA President. Bill discussed the economic outlook for the state and the health of our pension fund. He rated the Georgia economy as "fair" and noted that things are looking up, but retirees should not expect a COLA this year. There was also discussion of bidding out the administration of the State Health Benefit Plan.



Representative Bill Hitchens addresses Savannah Coastal local chapter

Savannah Coastal

Members of the Savannah Coastal local chapter gathered to hear State Representative Bill Hitchens at the July 16 chapter meeting. Representative Hitchens, a retired state employee, provided an interesting perspective of his first year in the legislature and the journey he took to get there. He noted that there are only three retired state employees in the House, but 30 retired teachers and educators. He stressed that state retirees have to be more visible and vocal in our concerns at the State Capitol.

Georgia State Retirees Association

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New Members in July

Name	County	Name	County	Name	County
Russell Bell	Cobb	Elisha Higgs	Ware	David Tidmore	Chatooga
Sandra Brown	Dekalb	Vicki James	Gwinnett		
William Bryant	Fulton	Kaylee Kasper	Fulton		
Lenalisa Collins	Morgan	Gregory Mason	Dekalb		
Joan Crawford	Ware	Ricky McDaniel	Meriwether		
Linda Fountain	Bryan	Lisa McKinney	Barrow		
Larry Goff	Treutlen	Bradley Pope	Cherokee		



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Help Us Help You!

A larger GSRA membership base helps all of us have a stronger visibility and voice on Capitol Hill. Please consider helping GSRA grow membership by:

1. Reminding friends who are active or retired to join GSRA.
2. Giving GSRA memberships as gifts to active or retired family and friends.
3. Encouraging your spouse to join GSRA.

Does GSRA Have Your Correct Contact Info?

Please be sure to update your **email address** with GSRA when it changes. Simply log in to www.mygsra.com using your old email address and password; select "Our Members" and "My Profile", and then change your information using the "edit" feature.

If your **mailing address** changes, and you do not use a computer, please notify us of your new address by sending a card or letter to the address at the bottom of this page.