ERSGA
Employees' Retirement System of Georgia
Serving those who serve Georgia

http://www.ers.ga.gov

Employees' Retirement System of Georgia Overview

Who is ERSGA?

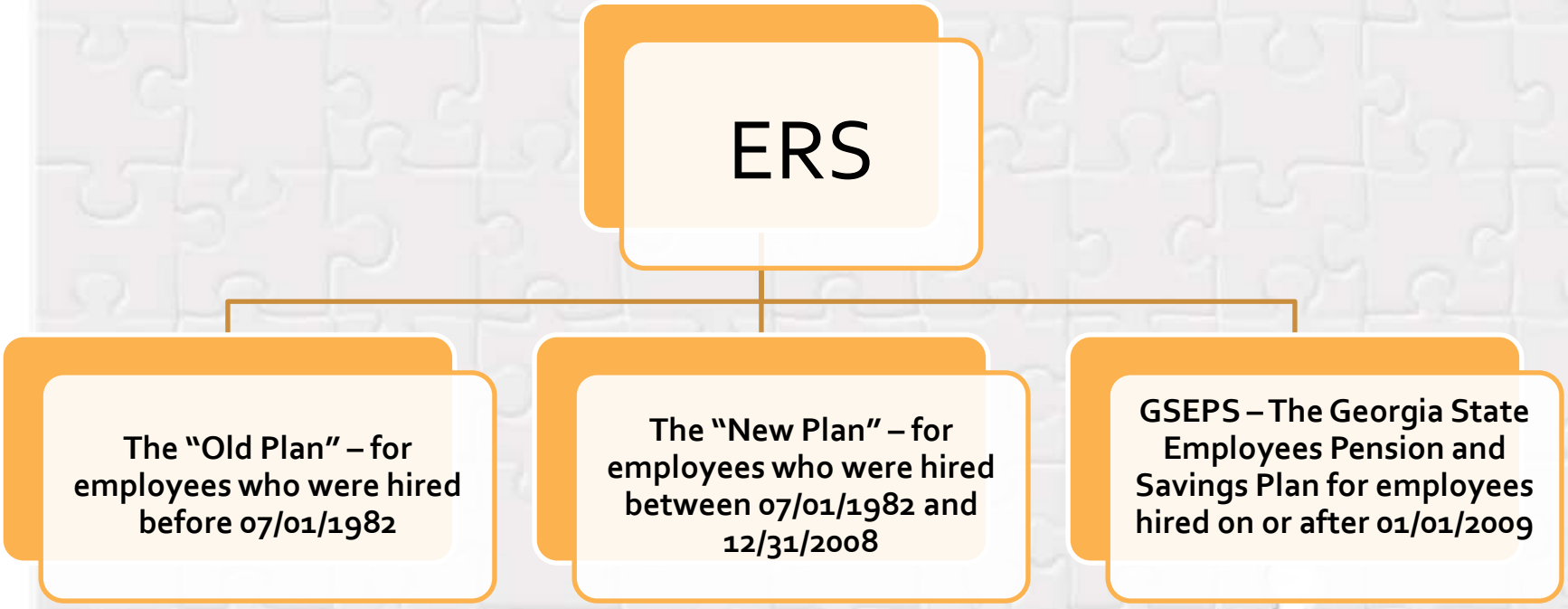
Board of Trustees

Consists of seven members charged with administration of the Retirement System

- Three members are Ex-Officio, appointed to the office by the Governor
  - Commissioner of Department of Administrative Services
  - State Auditor
  - Director of Treasury & Fiscal Services
- One member appointed directly by Governor
- Three members appointed by other Board members
  - Two former or current members of ERS
  - 1 with a financial background

ERS Benefits

Based on your date of hire, ERS pays out benefits based on calculations for three different "plans".



What Do You Contribute?

GSEPS
(on/after 1/1/2009)

1.25%

NO GTLI

1.25%
Retirement Contribution

Old Plan*
(Prior to 7/1/1982)
&
New Plan
(7/1/1982 – 12/31/2008)

1.50%

Retirement Funds

1.25%
Retirement Contribution

0.25%
GTLI

*Old Plan Only: "Old Plan" employer pays additional 4.75% less $7.00
(in lieu of a pay increase for 1980)

How Does this Retirement Stuff Work?

BENEFIT CALCULATIONS

EARLY RETIREMENT

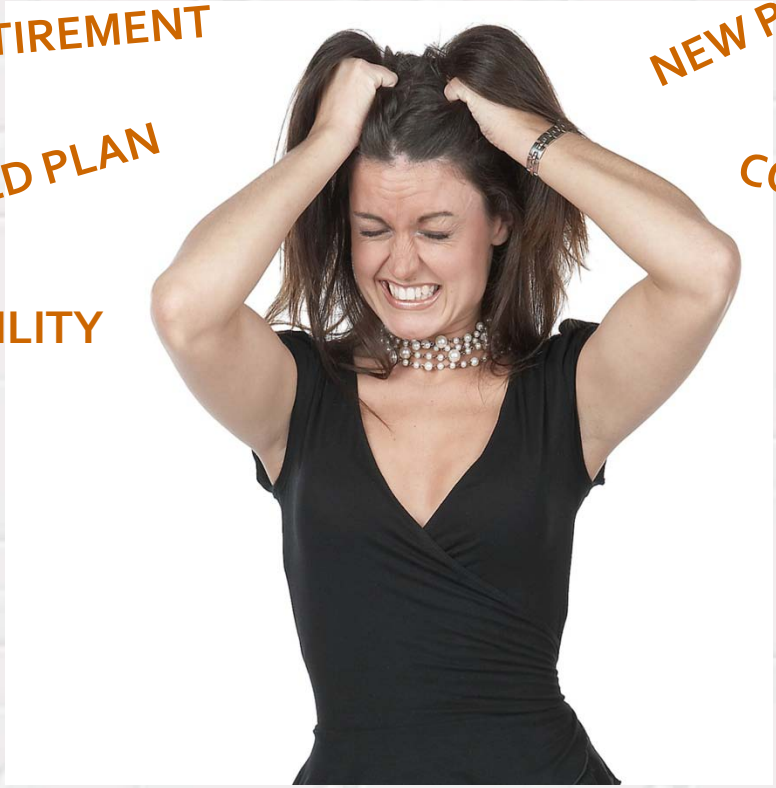
NEW PLAN

OLD PLAN

COLAs

DISABILITY

GSEPS



Employees' Retirement System Pension Plan

Characteristics:

- Your benefit is based on a formula rather than contributions
- Benefits are for life; you cannot outlive your income
- The State sets aside funds in a separate trust
- The State assumes investment risk
- Benefits guaranteed by law

Benefit Formula

How does ERSGA determine your retirement benefit?

FORMULA SALARY

x

FACTOR

x

CREDITABLE SERVICE

Benefit Formula

Definitions:

- Formula Salary
  - Average of 24 highest consecutive months of salary
- Benefit Factor
  - GSEPS: 1% for each year of service
  - New Plan: 2% for each year of service
- Creditable Service
  - Time for which you get credit - based on time worked, time purchased, forfeited leave, etc…

What will you get when you retire?

Benefit calculations based on a benefit formula:

Formula Salary x Benefit Factor x Years of Service

- An ERS example*…
  - Formula salary of $3,000.00
  - 30 years of service
  - New Plan member with benefit faction of 2%
  - $1,800.00 monthly retirement benefit

* Hypothetical example; 100% vested

ERS developed this presentation to provide general information about your retirement benefits.
In the case of any conflict between what is presented here and the laws governing this

How Do Your Contributions "Add Up"?

- On average, retirees with 30 years of service and a formula salary of $3,000.00 per month would have an average balance of contributions and interest equal to about $12,500.00.

- If you are paid a monthly benefit of $1,800.00 by the retirement system, you will pay yourself back all of the contributions and interest you made to the retirement system within 7 months, <u>but you continue to receive your monthly benefit for life</u>.

*Formula salary is equal to the highest average 24 consecutive months of earnings

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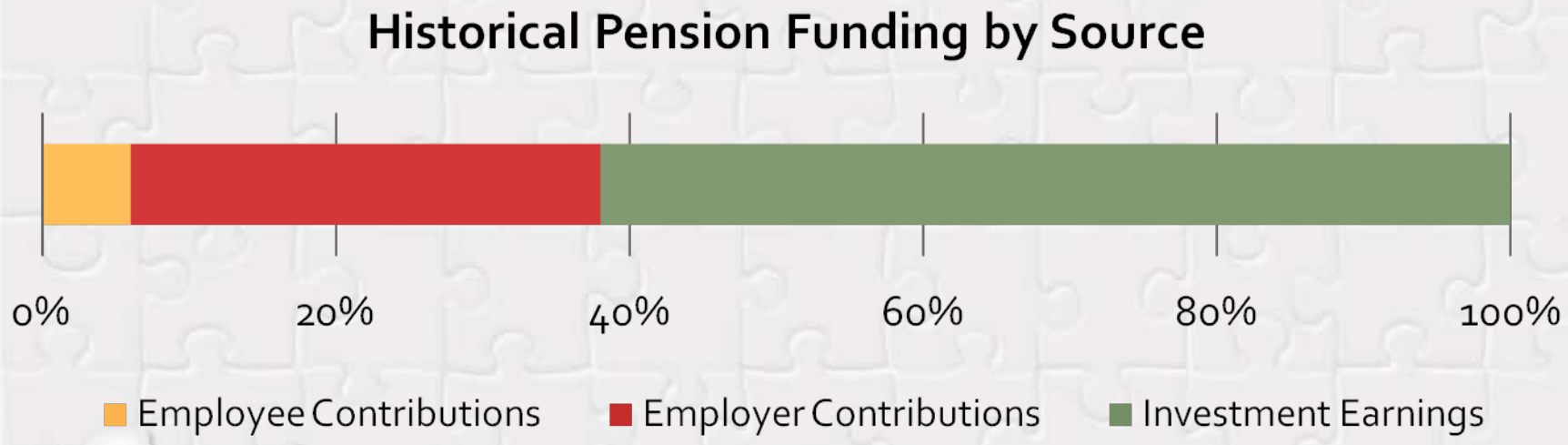
How Is Your ERS Pension Funded?



*Employer contributions to ERS vary from one fiscal year to the next and vary within the plan based on employment position. Employer contributions are only eligible for withdrawal upon retirement via monthly annuity installments. Employees who choose to refund their ERS account are not eligible to receive Employer contributions with refund.

*Actual retirement payments for fiscal year 2012

What is Creditable Service?

Tenure of state employment covered by ERS, plus:

- Payback of refunded ERS membership (prior service)
- Teachers' Retirement System of Georgia service
- Military Time
- "Air" Time
- Temporary Disability/Leave Without Pay
- Forfeited Leave
- Undocumented Leave

Additional details can be found in the Creditable Service section of the ERS Handbook at:
http://www.ers.ga.gov/Docs/Formsandpubs/ERS_Handbook.pdf

Payback: Refunded Membership

Two requirements:

- Return to ERS membership for at least two years
- Repay a lump-sum equal to the withdrawn amount, plus 4.25% interest (compounded annually) from date of withdrawal to date of payback
- If you are paying back a refunded membership from a previous plan, such as time refunded from under the Old Plan, remember you are only buying the time – you are not buying membership back in to your original plan

Teachers' Retirement System Service

- Payback of prior refunded TRS membership (after two years of ERS membership)
- Transfer of inactive TRS service to ERS

Military Leave

Future military duty that interrupts State service may be purchased within the lesser of five years or 3 times the length of service with no accrued interest.

If an employee is going out on military leave, then monthly contributions to ERS may be set up vs. having to pay a lump sum upon return from active duty.

Write to ERS for a quote

"Air Time" Service

- Up to 36 months of service can be purchased AT RETIREMENT
- Time can only be purchased if you will be able to retire, i.e., you will achieve minimum retirement service
- Cannot purchase to achieve "vesting" of 10 years
- Member must pay the "full actuarial cost" of their benefit
- Can be costly, but the cost is different for everyone depending on their plan, age, service, and the amount of time being purchased
- Contact ERS for a quote

Temporary Disability (Leave Without Pay)

Defined as physical or mental and is caused by a *job-related* disease or accident creating a Leave Without Pay (LWOP) situation such as illness, sickness, or disorder.

<u>To Take Advantage of LWOP you must:</u>

- Notify within six months of your return to work
- Pay employee contributions, plus 4% interest (compounded)
- You may buy up to 12 months credit within a 5 year period

Forfeited Leave

Forfeited Time
+ Accrued Sick

960 hours minimum

Example:

1,120 hour ÷ 160-hour month = 7.25 months

(*Round any number down with a decimal of 0.49 or less, so 7.25 is 7 months service.)*

Previous Undocumented Leave

If you had previous employment with the State, you may be able to recover forfeited leave to be used toward retirement.

- Previous department's documentation
- Or, check to see if you have any old pay stubs that show your previous leave
- Or, your personnel department can calculate your leave balance

Talk to your HR Department and have this added to your ERS file now!

Purchasing Service With Pre-Tax Dollars

- Use money in Peach State Reserves (PSR) to purchase time in your ERS Defined Benefit Plan
- Money is transferred directly from PSR account to ERS without incurring taxes or penalties
- Contact Peach State Reserves
  - 1-877-342-7339 (1-877-3GBreez)
  - https://www.gabreeze.ga.gov

Qualifying for Benefits

To qualify for a lifetime benefit with ERS you must be vested. Vesting in your ERS benefit happens upon attainment of 10 years of creditable service.

After vesting you may retire by:

- Service Retirement
- Disability Retirement
- Death in Service

Service Retirement

Normal Service Retirement

- Age 60 with 10 or more years service
- 30 years of creditable service at any age

Or

Early Retirement

- At least 25 years with 7% penalty for each year less than 30 years of service *or* each year under age 60, whichever is less

Disability Retirement

- For employees hired prior to 7/1/2007, projected benefits and service milestones apply only for employees under age 60 (first service milestone is 13 years and 4 months of service)

- For employees hired on or after 7/1/2007, disability benefits do not start until 15 years of service

- For employees age 60+ and employees hired on or after 7/1/2007, a normal retirement calculation applies – there are no projected benefits for these employees

- Employees under age 60 with less than 13yrs 4mo (or 15 years, depending on hire date) may receive a refund of their account

Disability Retirement

- **Who is eligible to apply?**
  - If hired before 7/1/07 must have at least 13 years, 4 months of creditable service
  - If hired on/after 7/1/07 must have at least 15 years of creditable service
  - Must be employed on date application received by ERS
  - Once application filed, MUST go on paid leave or leave without pay

Filing an application does not guarantee an approval.

Disability Retirement

What constitutes a Disability?

When Medical Board certifies to the Board of Trustees the following:

- Medically or physically incapable of further performance of duties in:
  - Position held at time disability originated
  - An alternative position offered by employer
- Incapacity is likely to be permanent, and
- Employee should be retired.

Death in Service Benefit

Eligibility for Death-in-Service benefits are determined the same way disability benefits are determined

ERS will pay a lifetime monthly benefit to the beneficiary on record at the time of the employees death.

Benefits are based on the employee's disability benefit calculation at the time of death, but are actuarially reduced based on the beneficiary's age.

GROUP TERM LIFE INSURANCE: (Not Flex!)

Group Term Life Insurance Key Points

- Policy value of 18 TIMES monthly salary while actively working and under age 60.

- GSEPS employees are not covered with GTLI
  - If employee retires *prior to* age 60
    - Policy value reduces to 70% of original value (a 30% reduction) at retirement
    - Policy value based on active salary from employer at retirement
  - If employee retires *after* age 60
    - Even though actively employed, the policy value begins to reduce starting at age 60 and reduces by 0.5% monthly until the age 65
    - If retiring between 60 and 65, the policy will reduce by 0.5% monthly and upon retirement it will reduce the rest of the way to 70% of original value
    - Policy value is based on the employee's age 60 salary
  - *After retirement there are no premiums and the policy will remain in force.*

Group Term Life Insurance Key Points

For vested members to retain policy coverage after separation of service they must:

- Have 18 years of service (not including forfeited leave)
  - To reinstate GTLI for employee at retirement, employee will owe any back premiums due
  - Retirees have right to decline this benefit

OR

- Qualify for normal retirement
  - Age 60 with service of 10 years or more
  - Any age with at least 30 years of service
  - Early Retirement

Designating Beneficiaries

- Two different benefits available for beneficiaries
  - Retirement Income
  - Group Term Life Insurance
- You may name *more than one* beneficiary for primary or for contingent for both death-in-service retirement income and Group Term Life Insurance
- You can name a primary and contingent beneficiary for both benefits
  - Contingent only receives a benefit if no primary beneficiary survives the employee/member

Designating Beneficiaries

- Access your account online at www.ers.ga.gov via the "Account Access" tab at the top of the webpage to calculate benefits.
- Designate and change ERS retirement beneficiaries online.
- An estate, trust, or organization is not eligible for a monthly retirement benefit. You must name a person.
- You may name *more than one* beneficiary for both primary and for secondary beneficiaries
- Beneficiary designations for your ERS benefit are for your ERS benefit only. You must contact Georgia Breeze to designate your 401(k) beneficiary.

Cost of Living Adjustments (COLA)

No one should assume a COLA will be granted and you should base your financial situation on the base benefit provided by the Plan.

- Each year the Board will review and determine if a COLA should be granted, based on retirement system funding.
- If granted, retiree (or beneficiary) must be at least 45 years old (no age minimum for disability retirees) and been receiving retirement benefits for at least 7 months.
- Those who take Early Retirement are eligible to begin receiving COLAs at age 60 or when they would have had 30 years service had they continued to work, whichever is less.
- GSEPS members are not subject to COLAs in retirement.

Other Questions?

Thank You!

ERS developed this presentation to provide general information about your retirement benefits. In the case of any conflict between what is presented here and the laws governing this System, the law will take precedence.