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Forfeited Leave

Georgia law allows qualifying ERS members to convert forfeited leave and unused sick leave to pension service at the time of retirement. Employers are required to certify the final leave hours and pay for the additional service upon the member's retirement. ERSGA has streamlined this process over the past couple of years, using the online system to request and display preliminary forfeited leave, and to request and process payment of final forfeited leave.

While the online system was designed to make the forfeited leave process easier for both ERSGA and employers, it still requires employers to review and verify forfeited leave for all retiring ERS members in an accurate and timely manner!

Please review the preliminary leave certifications **at least** monthly so you know who in your organization has applied for retirement. Review the leave balances for these employees **before** they retire, and update the preliminary forfeited leave if required.

Final leave certifications will be available online during the last few days of the month prior to retirement. Please complete the final leave certification no later than the 15th of the month of retirement. When leave certifications are received **after** the employee has retired and the final leave is not what the employee had been expecting, the lower leave balance may cause the employee to be ineligible for a PLOP benefit or ineligible for the pension benefit entirely. Providing updated leave balances in a timely manner can help reduce unexpected issues at retirement.

We appreciate your help!

GASB 67 & 68

Update: Accounting and Actuarial Cycles

Employers who prepare and report separate financial statements under GAAP (Generally Accepted Accounting Principles), must comply with GASB 68. If you are a state agency or a local or county employer and GASB 68 applies for the first time this year, you must report your proportionate share of the collective pension amounts for retirement benefits provided through our plans in your 2015 financial statements. Per GASB 68, these pension amounts include the net pension liability, deferred inflows of resources, deferred outflows of resources, and pension expense.

Because this will be an annual process, we have prepared a high-level schedule of pension plan and employer activities around the new GASB 67 and 68 accounting and actuarial cycles. The dates are approximate but should give you a general idea for planning purposes.

Note: Some large employers (as measured by total pensionable payroll) will be requested to provide employer confirmations and independent auditor attestations each year. Smaller employers will be required to provide this data less frequently. If your employer is selected, it is vital for plan reporting that you submit the requested information by the due dates provided.

GASB 67 & 68	January	February	March	April	May	June
Plan Activities	Manual employers selected for census data audits			Plan Actuary issues the GASB 68 reports GASB 68 reports audited by KPMG	Request attestation reports - due 7/31 Send GASB 68 employer packets and note disclosures to employers	Request contribution confirmations Conduct GASB 67 webinars
Employer Activities		Provide census data for audit				Attend GASB 67 webinars
	July	August	September	October	November	December
Plan Activities			Plan actuary issues the GASB 67 reports Provide employer contributions to auditor, actuary and SAO	Issue Audit Report		Issue CAFR
Employer Activities	Provide attestation reports to plan	Provide contribution confirmation letters to plan				

STAY TUNED!

Employer Training Outreach is back by popular demand. Be on the lookout for a schedule announcement soon!

GASB 67 Compliance File Reporting

Several ERSGA financial statement assertions, such as net pension liability, contribution revenue, and contribution receivables, are dependent on the accuracy and completeness of census data. Significant census data for pension plan purposes includes date of birth, social security number, date of hire, pensionable salary, employee contributions, and employer contributions. To ensure significant census data items are completely reported and accurate, new pension compliance file reporting and sample audits were initiated in 2015.

Compliance File Reporting (Non-Statewide Employers)

Many of our employers are now submitting a monthly compliance file as part of the regular monthly reporting (employee contributions, rehired retiree, and compliance reporting). The compliance file contains employees who are paid by the employer during the month but are not enrolled in the plan or are otherwise ineligible for plan membership. Employees eligible for another publicly supported pension plan (e.g., TRS) should be excluded from the file. By submitting a compliance file each month, you help the plan ensure complete and accurate reporting.

Compliance files are due on the first of the month and should be uploaded using the *Upload File* module on the Employer Desktop by selecting compliance file in the drop down menu.

Sample Census Data Audits (Manual Employers – Monthly Detail)

Our manual employers include most tax offices, state courts, juvenile courts, and several authorities. Each month manual employers enter their census data via the Employer Desktop – Maintain Monthly Detail Module. To ensure the accuracy and completeness of your census data, your employer will be periodically selected for audit.

Each year in January, ERSGA will select employers for the audit. An audit engagement letter will be sent to the agency head, human resources, and payroll via email. Payroll and census data from the current fiscal year will be requested for review. The data provided will be audited and a report will be issued. If your agency is selected for a census data audit, please cooperate fully with ERSGA by providing source documentation by the date provided in your audit engagement letter.



retirewise® Financial Education

In August 2014, ERSGA, in cooperation with MetLife, began offering Retirewise Financial Education Workshops at state employer locations. Last year, 68 Retirewise workshops were hosted by eleven different agencies and attended by over 400 state employees. Most of the workshops have been conducted in the metro Atlanta area.



The workshops cover a range of topics, such as budgeting, financial planning, investment basics, wills, trusts, estate planning, and Social Security. In addition, the representatives from MetLife and ERSGA cover flexible and retirement benefits. The workshops have been very well-received by state employees, and the demand for workshops has been high.

In order to meet demand and expand the availability of the workshops outside the metro Atlanta area, several technical colleges around the state will host Retirewise workshops beginning this October, expanding coverage to all 12 regions of the state.

If you are interested in scheduling the workshops for your employees, please contact [Carlton Lenoir](#) at ERSGA.

Rehired Retirees

Independent Contractors - When to Report Hours to the Plan

Every year, ERSGA staff receives questions about rehired retirees and the 1,040 hours return-to-work provisions. One of the most frequent rehired retiree questions is in regard to independent contractors not on the payroll. Employers should know that **few rehired retirees working as independent contractors are exempt from 1,040 hour reporting**. The exemption to the 1,040 hour reporting requirement only applies to independent contractors who meet all of the following exceptions:

- The contracting entity has multiple employees;
- The contracting entity has multiple contracts, and the contracts are not limited to State of Georgia employers; and
- The contractual relationship with the employer was not created as a means to allow a retired employee to continue employment after retirement in a position similar to the one he or she held before retirement.

Reporting hours worked for a rehired retiree as required by statute will not jeopardize an independent contractor's status and make them an employee. The IRS¹ rules for determining employee versus independent contractor status are based on:

Behavioral Control - facts showing whether the employer has a right to direct and control what work is accomplished and how the work is done through instructions, training or other means.

Financial Control - facts showing whether the employer has a right to direct or control the financial and business aspects of the worker's job. This includes:

- The extent to which the worker has unreimbursed business expenses
- The extent of the worker's investment in the facilities or tools used in performing services
- The extent to which the worker makes his or her services available to the relevant market
- How the business pays the worker, and
- The extent to which the worker can realize a profit or incur a loss

Relationship of the Parties - facts showing the type of relationship of the parties. This includes:

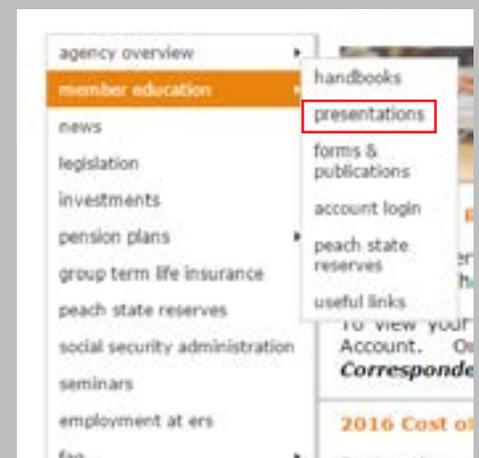
- Written contracts describing the relationship the parties intended to create
- Whether the business provides the worker with employee-type benefits, such as insurance, a pension plan, vacation pay, or sick pay
- The permanency of the relationship, and
- The extent to which services performed by the worker are a key aspect of the regular business of the company

¹See IRS Publication 1779, Independent Contractor or Employee (<http://www.irs.gov/pub/irs-pdf/p1779.pdf>)

Member Education

Check out the Member Education links on the left-hand navigation menu on www.ers.ga.gov.

Under *presentations*, members can attend an educational webinar, or watch a video presentation any time with information about their retirement plan.



WRAP

Maximizing Social Security Income

The ERSGA Workshop for Retirement Application Processing (WRAP) is conducted every other Tuesday in our offices in Atlanta. The Workshop presentation is also available online (see member education at www.ers.ga.gov). Effective September 2015, ERSGA, in partnership with MetLife, is offering a complimentary Social Security Benefit Workshop as part of the WRAP agenda. The Social Security Benefit Workshop explains Social Security benefit eligibility, how benefits are calculated, and how best to incorporate Social Security into your retirement income strategy.

See our [website](#) for the WRAP schedule and plan to attend a future session. No registration is required.

ERSGA-PSR Integrated Statements to be Mailed in FY16!

In FY16, ERSGA and Peach State Reserves (PSR) will be sending integrated pension and 401(k)/457 plan statements to members. The statement will be the first of its kind issued by the two plans. More information about the statements will be sent to employers prior to release.

To ensure all members get this valuable information, the plan needs accurate addresses for members. Over the next few months, pay special attention to the address feedback provided by ERSGA and GaBreeze and make necessary changes.

Outstanding Employer Invoices Update

As of the September 2015 report month, there were 1,649 outstanding invoices across all plans. These invoices are created when there is a variance between the amount reported in the employee detail data and the cash received. An employer may be entitled to take a credit on future data submissions to the plans.

Plan	Number of Invoices	Invoice Totals
ERS	922	\$ (102,442.36)
GDCP	255	(19,327.54)
JRS	238	163,766.21
LRS	16	61.46
PSERS	218	32.00
Total	1,649	\$ 42,089.77

Contact your employer reporting representative for more information.

Refund Applications

Terminated members of ERS, PSERS, and GDCP who are not entitled to a vested pension benefit can request their refund online!

Members can only use the online process once their account status has been updated to Inactive. We update this as soon as we receive the termination date from your agency, either with the monthly contributions file or through *Ad Hoc Termination Reporting* on your Employer Desktop. For the online refund process to function smoothly, it is important that termination dates be entered in your payroll system or on your Employer Desktop as soon as the employee terminates employment.

Using the online tool for refunds benefits members, employers, and the retirement system. When your employees use the online process, you won't have to complete the Employer Certification on the Refund Application or mail the application to us. Also, members with more than \$200 of taxable interest will be able to make a Rollover Election at the time they apply online for their refund, rather than completing separate paperwork and delaying receipt of their refund.

If you are not using the *Ad Hoc Termination* reporting tool on your Employer Desktop to enter the termination date, please advise terminating employees that it will take approximately two to six weeks for their account to be updated to an Inactive status, at which time they can go online at www.ers.ga.gov to request a refund. If you enter their termination date using the *Ad Hoc Termination* reporting tool, they can go online immediately to request their refund.

Do not FAX or email Refund Applications to ERSGA! If we are processing from a paper application, we require original signatures, so original Refund Applications must be MAILED to our office!

Open Enrollment and Peach State Reserves

The Open Enrollment period is 10/19 – 11/6 for Flexible Benefits through GaBreeze. Peach State Reserves (PSR) is included in the online flexible benefit enrollment process and is the perfect opportunity for employees to increase retirement savings and review/update beneficiaries for the PSR plans.

Please encourage employees to think about increasing retirement savings in the PSR plan as part of their preparation for Flexible Benefits enrollment. This is also an excellent time to promote the use of the auto escalation feature, which is an option in the online open enrollment process under the PSR section. Behavioral science has shown that people who say they can't afford to increase savings today, frequently agree to increasing savings in the future. The auto escalation feature allows people to do just that. They can elect to increase their savings rate at a date in the future and continue to increase the rate, at time intervals they select, until they reach the maximum savings rate they desire.

Open Enrollment time is also a great time for employees to review beneficiary information for the both the PSR plans (401(k) and 457) and the ERS plans (pension plan and, if applicable, Group Term Life Insurance (GTLI)). Beneficiaries for the PSR plans can be reviewed and updated on the [GaBreeze](#) site. Pension and GTLI beneficiary information is available on the ERSGA website, which is also provided as a direct link from the [GaBreeze](#) site.

Pension Spiking

Remember, Georgia law requires that ERSGA invoice employers whenever an employee receives an increase of more than 5% during the 12 months prior to retirement. Please see our [Spring 2015 Employer Newsletter](#) for more information.

Upcoming Peach State Reserves Change

To help simplify the investment options in Peach State Reserves (PSR), the Plan will be eliminating the Active Large Cap Growth Stock Fund. As of October 12, 2015, the Active Large Cap Growth Stock Fund will no longer be available as a new investment option. A similar fund, the Large Cap Growth Stock Index Fund, will continue to be available as an investment option. The primary difference between an active and an index fund is investments in an active fund are actively managed, while investments in an index fund are designed to track a market index, such as the S&P 500.

The fund will continue to be available for existing balances and contribution elections. On the evening of November 19th, assets in the Active Large Cap Growth Stock Fund will be transferred to the Large Cap Growth Stock Index Fund. Participants who have a balance in the Active Large Cap Growth Stock Fund on October 13, 2015 will be mailed additional information regarding the fund transfer the week of October 16th.

If your employees would like to make changes to their Peach State Reserves account, including updates to investment election, contribution election and/or beneficiaries, they can access their PSR account on the [GaBreeze](#) website to process the changes.

National Retirement Security Week

October 18-24, 2015 has been congressionally endorsed as “National Retirement Security Week”, formally calling on local and national public, private, and federal employers to promote the benefits of saving for retirement and encouraging their employees to take full advantage of employer-sponsored plans. A suite of free tools is available for use by employers and unions across the country from the National Association of Government Defined Contribution Administrators, Inc. (NAGDCA) at (<http://www.nagdca.org/retirementWeek>)

The objectives of “National Retirement Security Week” are to:

- Help employees be more aware of the need to save now for the future
- Promote the benefits of getting started saving for retirement early
- Create a culture that promotes and values saving in the workplace and the community.

