

AGENDA
BI-MONTHLY MEETING OF BOARD OF TRUSTEES
EMPLOYEES' RETIREMENT SYSTEM
October 20, 2016
10:30 A.M.

1. Call to order by Chair.
2. Approve Minutes of bi-monthly meeting of August 18, 2016.
[Agenda Package "A"]
3. Ratify action of Investment Committee at monthly meetings of August 18, 2016
and September 15, 2016. [Agenda Package "B"]
4. Review the Secretary's Report. [Agenda Package "C"]
5. Review ERS Legislative Proposals for 2017 Session. [Agenda Package "D"]
6. Presentation by Independent Auditors for ERS and Approval of 2016 Audit
Report.
7. Other Business.
8. Adjournment.

Secretary's Report

October 20, 2016

Fund Market Values

| <u>Plan</u> | <u>08/31/2016 Market Value</u> | <u>09/30/2016 Market Value</u> |
|--------------|------------------------------------|------------------------------------|
| ERS | \$12,564,906,331 | \$12,521,490,217 |
| LRS | 31,571,835 | 31,517,098 |
| PSERS | 823,915,473 | 822,196,357 |
| JRS | 412,882,919 | 412,875,927 |
| GMPF | 18,381,366 | 18,507,952 |
| SEAD-Active | 248,224,426 | 248,581,450 |
| SEAD-OPEB | 1,055,143,209 | 1,055,058,551 |
| SBF | 124,723,813 | 124,903,204 |
| Total | \$15,279,749,372 | \$15,235,130,756 |
| | | |
| *GDCP Total | \$109,129,291 | \$109,268,719 |

*No longer in the Pooled Fund

Contributions Accrued through 08/31/2016

| <u>Plan</u> | <u>EE Contributions</u> | <u>ER Contributions</u> | <u>Total</u> |
|--------------|-------------------------|-------------------------|-----------------------|
| ERS | \$ 5,898,341 | \$ 98,339,158 | \$ 104,237,499 |
| PSERS* | 0 | 8,759,000 | 8,759,000 |
| JRS | 817,893 | 1,011,358 | 1,829,251 |
| LRS | 56,192 | 0 | 56,192 |
| GDCP | 2,314,277 | 0 | 2,314,277 |
| GMPF | 0 | 672,624 | 672,624 |
| | | | |
| Total | \$ 9,086,703 | \$ 108,782,140 | \$ 117,868,843 |

* PSERS Members Contribute September - May

Retiree Benefits Payments

ERS distributes monthly benefits to **67,715** retirees and beneficiaries. Below represents the monthly retiree payroll for all plans as of **September 30, 2016**. (Includes PLOPs, month of death checks, and retro payments.)

| <u>Plan</u> | <u>FY2016</u> | <u>FY2017</u> | <u>Retirees</u> <u>Aug 2016</u> | <u>Retirees</u> <u>Sept 2016</u> | <u>Total Retirees</u> <u>Sept 30, 2016</u> |
|--------------|-------------------------|-----------------------|------------------------------------|-------------------------------------|---|
| ERS | \$ 1,349,701,407 | \$ 340,056,591 | 169 | 190 | 48,534 |
| LRS | 1,743,944 | 420,884 | 0 | 2 | 249 |
| PSERS | 58,103,260 | 14,981,040 | 76 | 85 | 17,689 |
| JRS | 19,034,328 | 4,938,124 | 0 | 2 | 293 |
| GMPF | 963,955 | 254,665 | 6 | 7 | 929 |
| SCJRF | 1,206,455 | 276,003 | 0 | 0 | 16 |
| DARF | 51,318 | 12,829 | 0 | 0 | 5 |
| GDCP | 9,000 | 0 | 0 | 0 | 0 |
| Total | \$ 1,430,813,667 | \$ 360,940,136 | 251 | 286 | 67,715 |

Note: GDCP had one member, who upon termination met the requirements to elect to receive periodic payments annually as determined by the actuary for a period certain. This retiree received the final payment in FY16; therefore, there will be no further annual payments for GDCP.

Below is the percentage of retirees by plan with direct deposit as of **September 30, 2016**.

| | <u>Number of Direct Deposits</u> | <u>Percentage</u> |
|--------------|----------------------------------|-------------------|
| ERS | 47,875 | 98.6% |
| LRS | 238 | 95.6% |
| PSERS | 16,523 | 93.4% |
| JRS | 280 | 95.6% |
| GMPF | 924 | 99.5% |
| SCJ | 16 | 100.0% |
| DARF | 4 | 80.0% |
| Total | 65,860 | 97.3% |

Group Term Life Insurance (SEAD) Payments

In **FY2016**, ERS paid GTLI benefits for **1,453** deceased eligible members for a total payout of **\$37,281,901**.

In **FY2017**, as of **09/30/16**, ERS has paid benefits for **311** deceased eligible members for a total payout of **\$8,548,790**.

GSEPS Update (as of 09/30/2016)

There are **29,402** GSEPS-covered employees as of **09/30/16**. Of this population, **26,277** are actively contributing to the 401(k) Plan. Below is a summary of the employee contribution rates and the monthly opt-out rates for the last 12 months.

| | Sept 2015 | July 2016 | Sept 2016 |
|----------------------|-----------|-----------|-----------|
| 0% | 9.5% | 10.3% | 10.6% |
| 1% | 30.4% | 21.6% | 20.3% |
| 2% - 4% | 9.7% | 9.6% | 9.3% |
| 5% | 42.7% | 48.9% | 50.4% |
| 6% - 8% | 4.0% | 5.3% | 5.0% |
| >8% | 3.7% | 4.4% | 4.3% |
| | | | |
| Monthly Opt-Out Rate | 4.7% | 4.7% | 5.9% |

In **FY2016**, ERS received Employer Match Contributions in the amount of **\$20,492,303**.

In **FY2017**, as of **08/31/2016**, ERS has received GSEPS Employer Match Contributions in the amount of **\$3,922,282**.

Retirement Eligible as of 08/31/2016

| | Active | | | Total | % Retire Eligible |
|--------------------|-------------------|--------------|---------------|---------------|-------------------|
| | Elig - ER | Elig - NR | Not Elig | | |
| ERS | 3,162 | 4,544 | 52,137 | 59,843 | 12.9% |
| GSEPS Plan | 0 | 35 | 28,438 | 28,474 | 0.1% |
| New Plan | 3,041 | 4,334 | 22,635 | 30,009 | 24.6% |
| Old Plan | 2 | 86 | 7 | 95 | 92.6% |
| Law Enforcement | 119 | 83 | 1,041 | 1,243 | 16.3% |
| Appellate/Supreme | 0 | 6 | 16 | 22 | 27.3% |
| PRS | 2,424 | 2,117 | 30,381 | 34,922 | 13.0% |
| JRS | 56 | 121 | 331 | 508 | 34.8% |
| LRS | 8 | 46 | 169 | 223 | 24.2% |
| Grand Total | 5,650 | 6,828 | 83,018 | 95,496 | 13.1% |
| | | | | | |
| | Inactive - Vested | | | Total | % Retire Eligible |
| | Elig - ER | Elig - NR | Not Elig | | |
| ERS | 153 | 408 | 5,515 | 6,076 | 9.2% |
| PRS | 828 | 309 | 3,368 | 4,505 | 25.2% |
| JRS | 3 | 5 | 28 | 36 | 22.2% |
| LRS | 10 | 14 | 54 | 78 | 30.8% |
| Grand Total | 994 | 736 | 8,965 | 10,695 | 16.2% |

Project Updates

ERSGA

- Audit support – All departments contributed to creating and reviewing various data elements to support the annual audit.
- Valuation Data – All departments contributed to creating and reviewing the annual valuation data that was sent to Cavanaugh Macdonald in August.
- State Health Benefit Plan pricing – Multiple departments are involved with calculating, reviewing, posting and sending data to the Department of Community Health to support the new Retiree Subsidy pricing structure.

Communications

- Submitted Roth 401(k) Employer Plan Option and Annuity Option Legislative Worksheets to Office of Planning and Budget
- Employer Newsletter is scheduled to be released in October
- Scheduled to attend seven (7) SHBP Benefit Fairs in October
- Five (5) MetLife Retireewise Workshops are scheduled at various locations across the state within the next three months
- Advertisement with photo of ERSGA employees was placed in College Career Guide to attract potential new employees
- National Retirement Security Week is October 16-22. Targeted emails and website announcements will be shared with membership.
- GDCP Employee Handbook is scheduled to be released in November

Financial Management Division

- Non-statewide Employer GASB 67 Census data controls – In September, the process to automate compliance file reporting was fully implemented in PARIS. This included adding management tools that will improve how the receipt of the data is monitored so that we ensure all employers are reporting timely and accurately. With the exception of one (1) PSERS employer, all employers have been approved for production. To date, all data received is in PARIS.

This project also involved improving the accuracy of the census data in the PARIS database. The primary control used to achieve this is data validation edits, which are performed on approximately 90,000 records reported each month. During the course of this project, approximately 200 edits were reviewed. In September, new edits were added to PARIS and changes were made to improve the efficiency of several existing edits.

- **Non-statewide Employer Data Improvement** - This project to improve the overall quality of data received from employers outside the state entity continues. In August, there were discussions with DFACS employers and the payroll vendor (SMI) on solutions for improving the data. They are currently working on making those changes. The findings of our data analysis for Universities were communicated to the employers, payroll vendors and file providers. Discussions on solutions for improving the data are scheduled for October. Data analysis for the other employer categories (Health Departments, CSBs, Public Schools and others) will begin in October.

Information Technology

Operations

- The new HPE network storage (SAN) has been ordered and delivered. Work is currently being performed to prepare for the storage installation and implementation.
- A PARIS Application Server upgrade project has begun. All servers will be virtualized and server load balancing will be added to provide high application availability (uptime).
- Cyber Security related - HIPAA compliance training mandated by agency; 2nd semi-annual Systems patching completed; scheduled next penetration testing and Social Engineering test for November 1st.
- Upgraded Email System (Exchange) and now planning for an Office 2016 upgrade, which includes Skype for Business (Instant Messaging).
- The FileNet Imaging and WorkFlow applications upgrade - End user testing is scheduled for the end of October. The latest Server and Database technology are being implemented with the new IBM FileNet version, which will keep ERSGA in software compliance for the next several years.

Applications Development

- Enhance Cola process - Based on the latest run of COLA, several process enhancements were required.
- Compliance Files Load to Database - Back loaded previous compliance files to the database for use in future reports.
- Archive Data Project - Added a flag in PARIS to designate data as being archived and not included in Year End Processing (or other reports).
- Disability Processing - Added new statuses to help track which doctors are responding or need to respond.
- Pension Reporting Compliance Files - Several enhancements for loading the Employer reporting compliance files allowing for better data analysis.

Support Center

- Training a new support team member.
- Completed Setup of new 3rd floor conference room (Atlantic Station).
- MS Office 2016 upgrades office wide is in the planning stage.
 - Received approval from the Applications and Operations/FileNet groups.
 - Met with trainer to discuss options and dates.
 - Conducting monthly meetings with Operations group to stay on target.
 - Target training and installation date is February 2017.
- Team viewer update and configure
 - Reconfiguring team viewer for faster remote access.
 - Learn to use the meeting feature.

Peach State Reserves:

- Single sign-on – We go live this month with single sign-on from the secure ERSGA site to the GaBreeze site.
- NAGDCA – Angie Surface and Jim Potvin attended the annual National Association for Governmental Defined Contribution Administrators Conference in September.