

**AGENDA**  
**BI-MONTHLY MEETING OF BOARD OF TRUSTEES**  
**EMPLOYEES' RETIREMENT SYSTEM**  
**August 16, 2018**  
**10:30 A.M.**

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1. Call to order by Chair.
2. Approve Minutes of bi-monthly meeting of June 21, 2018. [Agenda Package "A"]
3. Ratify action of Investment Committee at monthly meetings of June 21, 2018 and July 19, 2018. [Agenda Package "B"]
4. Review the Secretary's Report. [Agenda Package "C"]
5. Approve the Fiscal Year 2019/2020 Budget. [Agenda Package "D"]
6. Other Business.
7. Adjournment.

# Secretary's Report

*August 16, 2018*

## Fund Market Values

<u>Plan</u>	<u>6/30/2018 Market Value</u>	<u>7/31/2018 Market Value</u>
ERS	\$ 13,468,339,948	\$ 13,694,798,302
JRS	466,307,072	474,591,681
LRS	34,216,002	34,826,700
PSERS	914,956,987	930,852,090
GMPF	23,715,119	24,311,199
SEAD-Active	289,087,277	295,007,263
SEAD-OPEB	1,189,172,639	1,210,984,177
SBF	148,450,339	151,542,746
<b>Total</b>	<b>\$ 16,534,245,383</b>	<b>\$ 16,816,914,159</b>
PSR 401(k)	992,350,191	**1,020,818,755
PSR 457	622,678,725	**634,521,105
*GDCP Total	\$ 113,614,969	\$ 114,367,521

\* No longer in the Pooled Fund

\*\* Estimated market value numbers for 401(k) and 457

## Contributions Accrued through 6/30/2018

<u>Plan</u>	<u>EE Contributions</u>	<u>ER Contributions</u>	<u>Total</u>
ERS	\$ 37,570,035	\$ 632,789,811	\$ 670,359,846
JRS	4,936,369	4,261,629	9,197,998
LRS	330,722	0	330,722
PSERS*	2,146,976	29,275,956	31,422,932
GDCP	14,505,329	0	14,505,329
GMPF	0	2,377,356	2,377,356
<b>Total</b>	<b>\$ 59,489,431</b>	<b>\$ 668,704,752</b>	<b>\$ 728,194,183</b>

\* PSERS Members Contribute September – May

## Retiree Benefits Payments

ERS distributes monthly benefits to **71,437** retirees and beneficiaries. Below represents the monthly retiree payroll for all plans as of **July 31, 2018**. (Includes PLOPs, month of death checks, and retro payments.)

<u>Plan</u>	<u>FY2018</u>	<u>FY2019</u>	<u>Retirees June 2018</u>	<u>Retirees July 2018</u>	<u>Total Retirees July 31, 2018</u>
ERS	\$ 1,385,573,168	\$ 116,328,141	293	328	51,121
LRS	1,723,323	144,894	3	0	268
PSERS	62,010,746	5,347,984	346	154	18,586
JRS	24,953,708	2,137,308	1	4	363
GMPF	1,138,190	98,135	8	8	1,083
SCJRF	896,629	66,699	0	0	12
DARF	46,167	3,704	0	0	4
<b>Total</b>	<b>\$1,476,341,931</b>	<b>\$124,126,865</b>	<b>651</b>	<b>494</b>	<b>71,437</b>

Below is the percentage of retirees by plan with direct deposit as of **July 31, 2018**.

	<u>Number of Direct Deposits</u>	<u>Percentage</u>
ERS	50,276	98.3%
LRS	255	95.1%
PSERS	17,441	93.8%
JRS	353	97.2%
GMPF	1072	99.0%
SCJRF	12	100.0%
DARF	3	75.0%
<b>Total</b>	<b>69,412</b>	<b>97.2%</b>

## Group Term Life Insurance (SEAD) Payments

In **FY2018**, ERS paid GTLI benefits for **1,491** deceased eligible members for a total payout of **\$39,303,128**.

In **FY2019**, as of **7/31/18**, ERS has paid GTLI benefits for **123** deceased eligible members for a total payout of **\$3,303,721**.

## GSEPS Update (as of 7/31/2018)

There are **34,922** GSEPS-covered employees as of **7/31/18**. Of this population, **31,014** 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.

	July 2017	May 2018	July 2018
<b>0%</b>	11.8%	10.9%	11.2%*
<b>1%</b>	15.2%	12.2%	11.8%
<b>2% - 4%</b>	8.9%	9.0%	8.7%
<b>5%</b>	53.0%	54.2%	54.8%
<b>6% - 8%</b>	6.2%	7.8%	7.5%
<b>&gt;8%</b>	4.9%	5.9%	5.9%

\* Includes 838 hardship suspensions

Monthly Opt-Out Rate	5.0%	4.5%	5.1%
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In **FY2018**, ERS received GSEPS Employer Match Contributions in the amount of **\$5,769,989**.

## Retirement Eligible as of 6/30/2018

	Active			Total	% Retire Eligible
	Elig - ER	Elig - NR	Not Elig		
<b>ERS</b>	<b>2,474</b>	<b>4,417</b>	<b>53,516</b>	<b>60,407</b>	<b>11.4%</b>
GSEPS Plan	2	46	33,923	33,971	0.1%
New Plan	2,377	4,249	18,405	25,031	26.5%
Old Plan	2	43	2	47	95.7%
Law Enforcement	93	75	1,166	1,334	12.6%
Appellate/Supreme	-	4	20	24	16.7%
<b>PRS</b>	<b>2,708</b>	<b>2,420</b>	<b>29,830</b>	<b>34,958</b>	<b>14.7%</b>
<b>JRS</b>	<b>40</b>	<b>113</b>	<b>374</b>	<b>527</b>	<b>29.0%</b>
<b>LRS</b>	<b>7</b>	<b>50</b>	<b>165</b>	<b>222</b>	<b>25.7%</b>
<b>Grand Total</b>	<b>5,229</b>	<b>7,000</b>	<b>83,885</b>	<b>96,114</b>	<b>12.7%</b>

	Inactive – Vested			Total	% Retire Eligible
	Elig - ER	Elig - NR	Not Elig		
<b>ERS</b>	<b>123</b>	<b>517</b>	<b>5,708</b>	<b>6,348</b>	<b>10.1%</b>
<b>PRS</b>	<b>988</b>	<b>445</b>	<b>3,631</b>	<b>5,064</b>	<b>28.3%</b>
<b>JRS</b>	<b>4</b>	<b>2</b>	<b>21</b>	<b>27</b>	<b>22.2%</b>
<b>LRS</b>	<b>12</b>	<b>12</b>	<b>51</b>	<b>75</b>	<b>32.0%</b>
<b>Grand Total</b>	<b>1,127</b>	<b>976</b>	<b>9,411</b>	<b>11,514</b>	<b>18.3%</b>

## Project Updates

### ***Communications Division***

- New ERSGA website is being received with praise from various stakeholders.
- New PSERS Presentation and handout created specifically for this large member group. Webinars to follow to provide additional education for this targeted stakeholder population.
- Team Georgia: Updated our information on this partner website.
- Two mass email communications: PSERS COLA and ERS, PSERS, LRS and GJRS dental refunds
- Collaborated with Alight to review and provide edits for the 2018 Advisory Services Outreach.
- Educational presentations were provided for:
  - State Road & Tollway Authority
  - GA Dept. of Corrections
  - Dept. of Juvenile Justice
  - Dept. of Banking & Finance (Webinar)
  - Rabun County Board of Education

### ***Financial Management Division***

- GASB 67, GASB 68 and GASB 74 reporting are completed and the reports, along with the supporting documentation have been released. Financial Management, as well as the other Divisions, partnered with the auditors and Accounting to provide requested documentation and information to support the audits. The team justified any differences between what the Employers reported during the audit and what had been posted in the Retirement system. The audits are subject to a tight timeline and have a lot of moving parts. The audits were completed successfully and timely.

### ***Information Technology***

#### Operations

- Started the SIP Telephony implementation project
  - Implement Session Initiation Protocol (SIP) trunking, a voice over Internet Protocol (VOIP) technology and streaming service.
  - Move ERSGA's telephony telecommunications from GTA's/AT&T's PRI Circuits to Level3's SIP Trunks over Fast Ethernet solution.
  - Implement a failover (Disaster Recovery) SIP telecommunications, CISCO Phone and Contact Center at ERSGA's colocation
- Implemented new Secure Transfer servers (Test, Production and Disaster Recovery) to transfer files between agencies, Wells Fargo and other vendors.
- Increase maximum number of simultaneous calls from 46 to 75.

#### Apps / BA

- Upgrade to SQL Server 2016
- Updated Process for Medical Payments – enhanced reporting capabilities
- Enhanced CM007 to handle “undo” functionality
- Enhanced CRM in PARIS to allow certain users to edit notations
- Added tab in PARIS to show member hours worked as reported by agencies
- Made improvements to the one-time post-retirement payment process
- New report for retirees in suspended status
- Several web portal enhancement / bug fixes

### **Legislative Affairs**

- Held Meeting to develop proposed ERSGA 2019 Legislative Agenda
  - Supplemental Guaranteed Lifetime Income – allows ERS members to use money from their 401(k) and/or 457 plan to purchase a Supplemental Guaranteed Lifetime Income amount to increase their monthly lifetime retirement income from the ERS pension plan.
- Responded to 22 Legislative Affairs Inquiries
- Created Authorities, Commissions, Entities Informational Document referencing enacted 2018 legislation
- Legislative Folders, Documents, and Binders updated with all bills from the 2018 Session
- Completed 6 legal inquiry research requests

### **Member Services**

- Benefit Reminder Automated Letters – Pension plans are required to begin pension benefits for inactive members no later than April 1st following the calendar year the member attains age 70.5 or terminates employment, whichever is later. As of July 2018, we have automated the process of sending letters to all members approaching their Required Begin Date. In addition, although it is an inactive member's responsibility to contact us when they are ready to start their pension benefit, we have begun sending automated letters to all inactive vested members who are reaching their Normal Retirement Date.
- Online Retirement Application – We are putting the finishing touches on our new web-based retirement application process. This is a project several years in the making, requiring a collaboration between several areas within ERSGA: Information Technology, Quality Assurance, Member Services, and the Executive Team. When we go live with this new functionality, it will allow most ERS members who are retirement eligible to complete their retirement application using their online ERSGA account. Also, the WRAP presentation will be revised to focus on using the online functionality. We will report more fully on our new Online Retirement Application at the October Board meeting.
- CEM Benchmarking – Following the delivery of the report by CEM Benchmarking in June, the Executive Team is reviewing areas where we can make changes that would improve service levels for our members. We are just in the beginning stages of this long-term project.

### **Peach State Reserves**

- Admin fee reduction – implemented a reduced asset based admin fee; reduction from 5bps to 3bps, effective 7/1/2018
- Forfeiture and expense account reallocation – scheduled the reallocation of excess forfeiture and expense account funds for early October

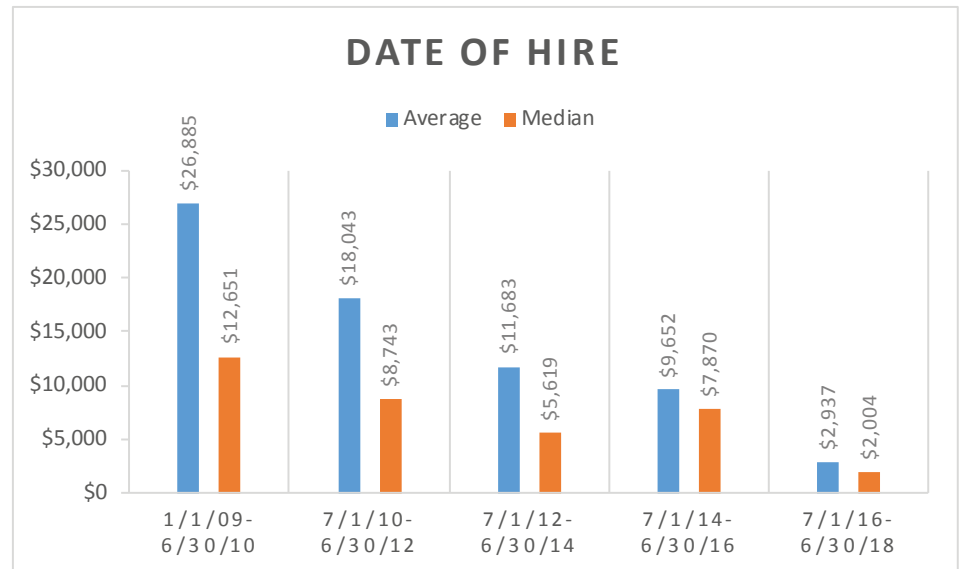
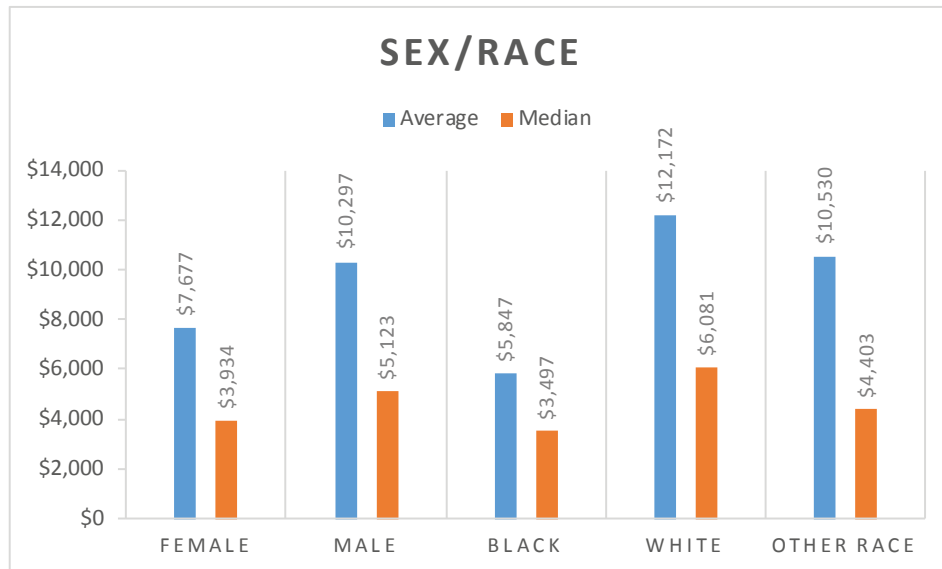
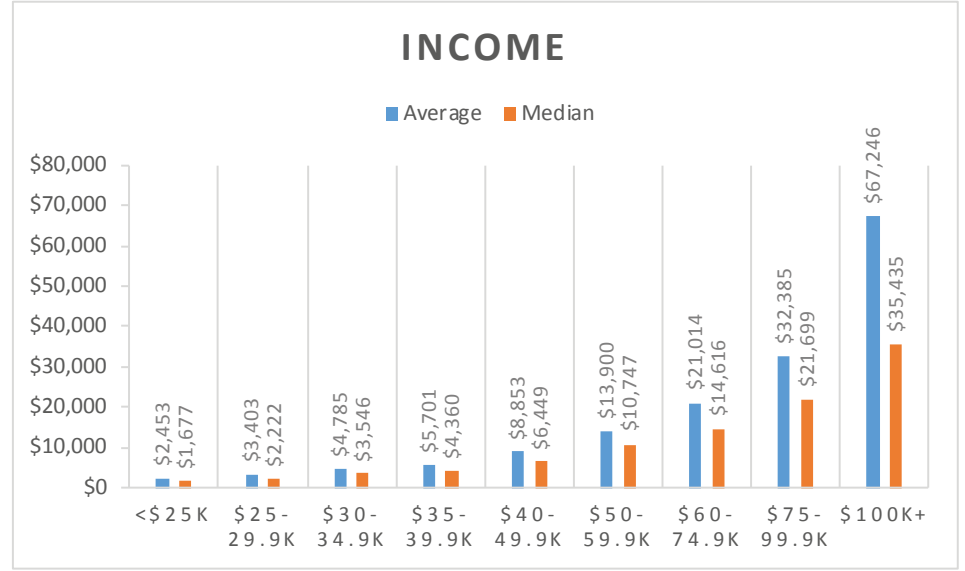
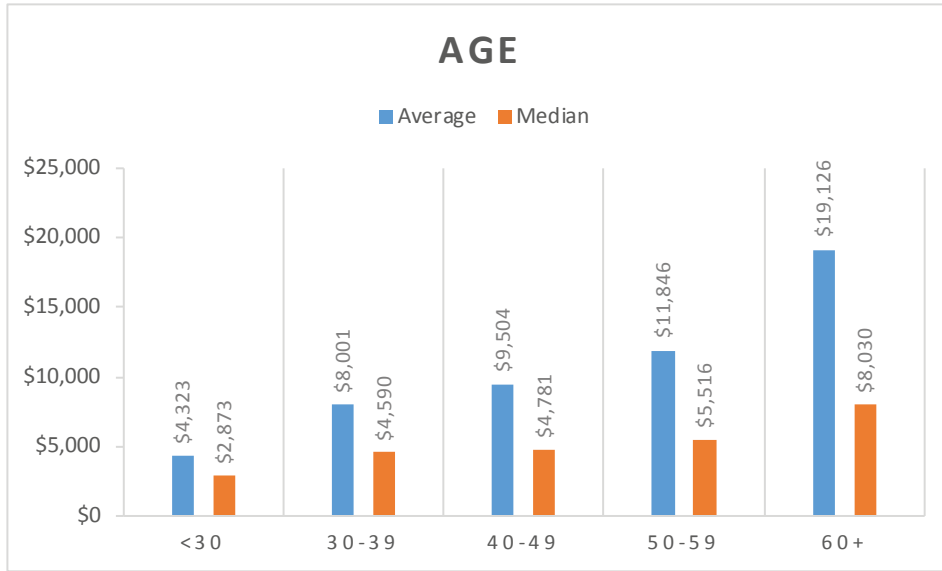
### **Quality Assurance Division**

- The increase in the benefit rate from \$15.00 to \$15.25 per month, per year of service for the Public School Employees Retirement System (PSERS) members, retirees, and beneficiaries with retirements on or after 8/1/2012, was implemented successfully. This increase was effective 7/1/2018 and was reflected in July 2018 pension payments.
- The one-time post-retirement benefit adjustments for ERS, JRS, and LRS and the COLA for PSERS that was approved during the Annual Board meetings on April 19, 2018 were implemented successfully. The COLA was reflected in eligible PSERS July 2018 pension payments. ERS, JRS, and LRS retirees who were eligible for the one – time adjustment received their payments the first week of August.

# GSEPS Plan Balance as of 6/30/2018

Average All Members: \$8,571

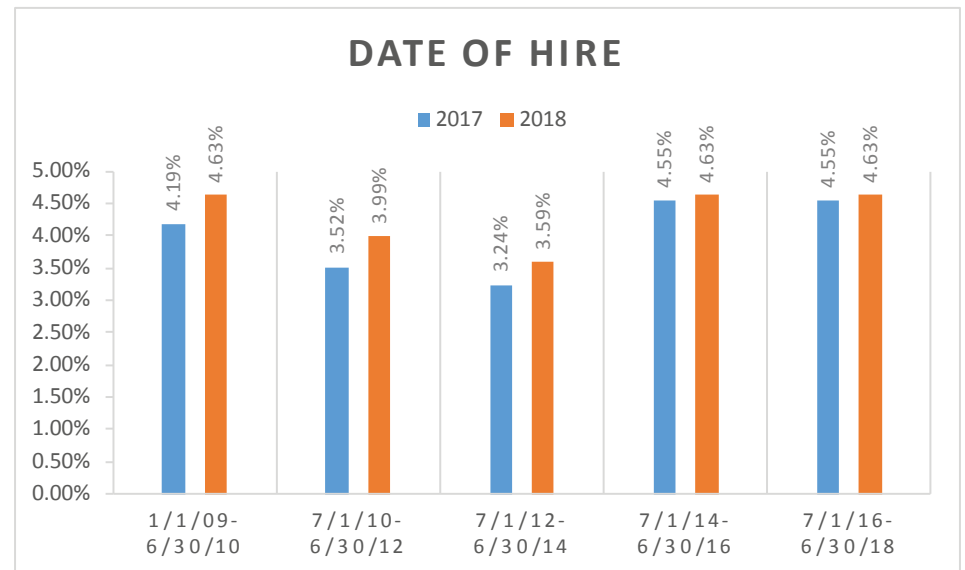
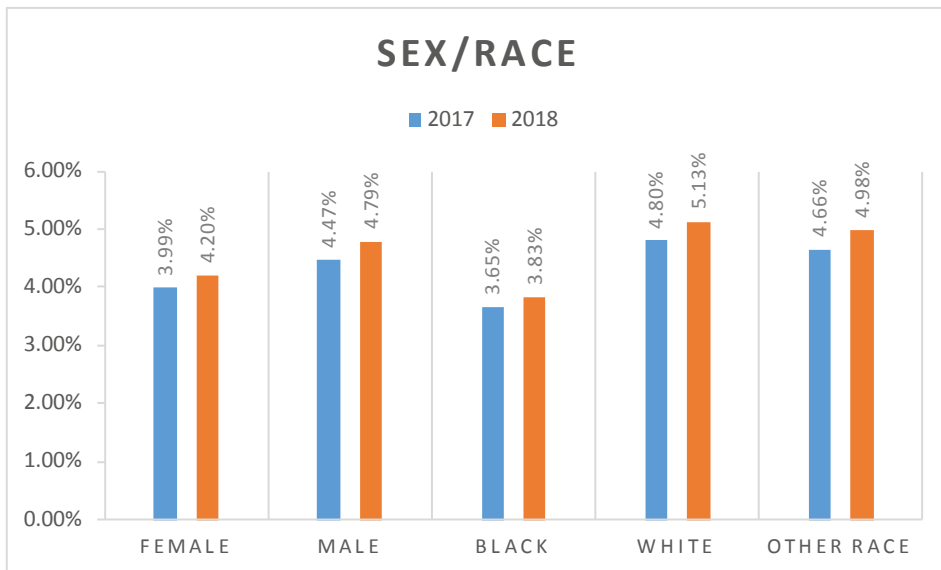
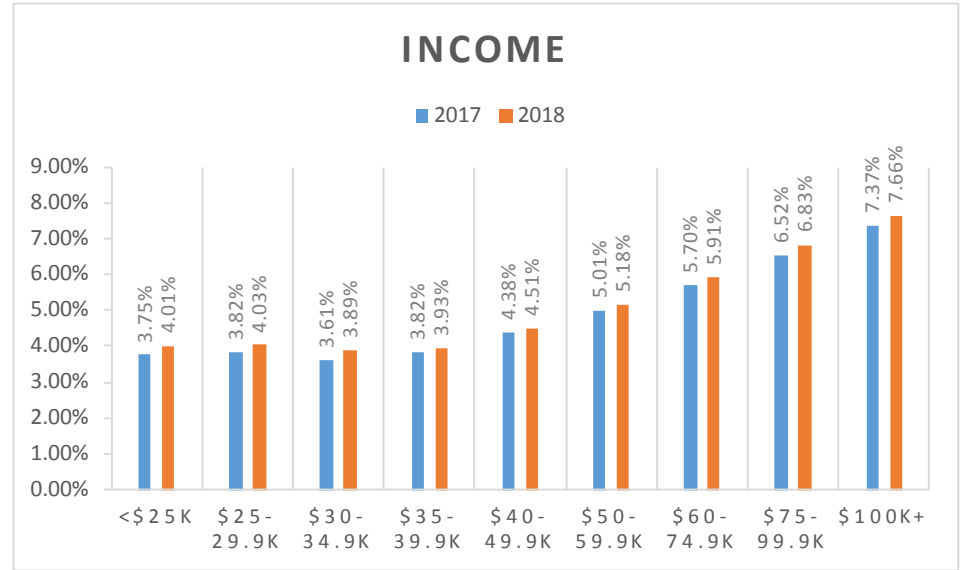
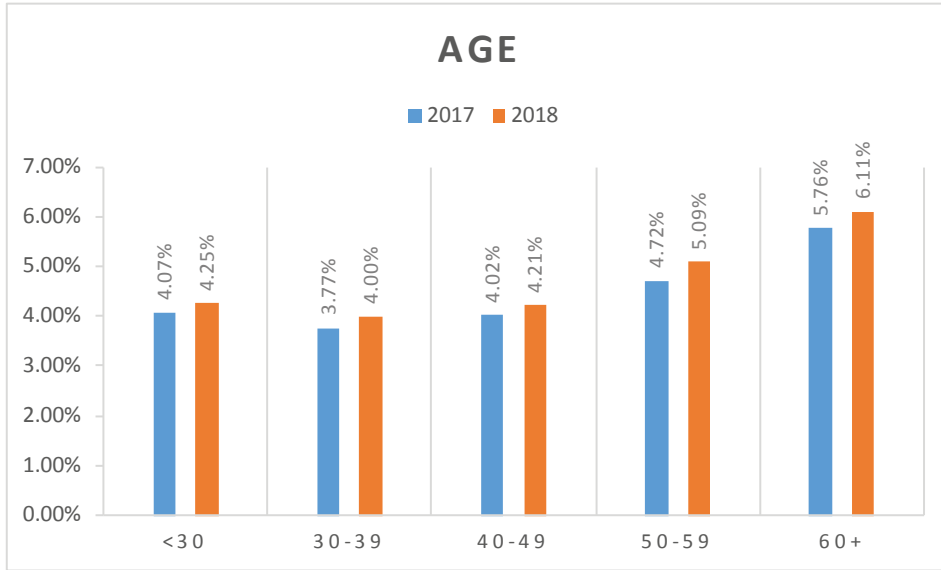
Median All Members: \$4,288



# GSEPS Average Contribution Rate as of 6/30/2018

Average All Members: 4.40%

Median All Members: 5.00%





## Peach State Reserves Data Summary FY14-FY18

### 401(k)

	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Total 401(k) accounts with a balance	48,017	51,550	55,542	61,407	65,874
Percent of accounts in GSEPS	50.3%	56.7%	59.0%	63.6%	65.5%
Total 401(k) balance	\$607,248,904	\$616,115,264	\$679,884,637	\$837,445,212	\$992,350,191
Percent of plan balance from GSEPS	13.6%	19.2%	24.3%	29.7%	34.5%

### 457

	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Total 457 accounts with a balance	13,344	13,135	13,029	12,899	12,882
Total 457 balance	\$590,249,977	\$575,970,040	\$557,720,884	\$597,004,530	\$622,678,726

### 401(k) - GSEPS Only

	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
GSEPS accounts with balance (not including terms)	20,476	24,282	26,589	31,363	33,803
GSEPS eligible accounts (not including terms)	21,830	25,670	27,973	32,348	35,004
Percent of eligibles participating	91.2%	90.9%	89.9%	89.1%	88.3%
Average plan balance	\$3,401	\$4,030	\$5,122	\$6,719	\$8,571
Median plan balance	\$1,103	\$1,524	\$2,407	\$3,269	\$4,288
Percent with contribution rate >=5%	19.3%	47.1%	57.9%	64.3%	68.0%
Average contribution rate	2.22%	3.36%	3.85%	4.15%	4.40%
Median contribution rate	1.00%	3.00%	5.00%	5.00%	5.00%
Meeting 80% income replacement goal	n/a	n/a	72.66%	73.30%	73.01%