

AGENDA
BI-MONTHLY MEETING OF BOARD OF TRUSTEES
EMPLOYEES' RETIREMENT SYSTEM
October 18, 2018
10:30 A.M.

1. Call to order by Chair.
2. Approve Minutes of bi-monthly meeting of August 16, 2018. [Agenda Package "A"]
3. Ratify action of Investment Committee at monthly meetings of August 16, 2018 and September 20, 2018. [Agenda Package "B"]
4. Review the Secretary's Report. [Agenda Package "C"]
5. Presentation by Independent Auditors for ERS and Approval of the 2018 Audit Report.
6. Other Business.
7. Adjournment.

Secretary's Report

October 18, 2018

Fund Market Values

<u>Plan</u>	<u>8/31/2018 Market Value</u>	<u>9/30/2018 Market Value</u>
ERS	\$ 13,830,130,217	\$ 13,744,519,064
JRS	480,803,648	478,663,943
LRS	35,191,170	35,029,738
PSERS	943,180,501	939,133,022
GMPF	24,910,749	24,867,126
SEAD-Active	299,511,372	298,787,213
SEAD-OPEB	1,227,370,914	1,222,526,300
SBF	154,013,079	153,743,376
Total	\$ 16,995,111,650	\$ 16,897,269,782
PSR 401(k)	1,040,379,429	** 1,047,576,355
PSR 457	642,854,023	** 642,182,257
*GDCP Total	\$ 115,072,879	\$ 114,892,388

* No longer in the Pooled Fund

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

Contributions Accrued through 8/31/2018

<u>Plan</u>	<u>EE Contributions</u>	<u>ER Contributions</u>	<u>Total</u>
ERS	\$ 6,061,662	\$ 102,179,218	\$ 108,204,880
JRS	799,819	1,300,364	2,100,183
LRS	55,578	0	55,578
PSERS*	0	5,043,834	5,043,834
GDCP	2,465,707	0	2,465,707
GMPF	0	422,878	422,878
Total	\$ 9,382,766	\$ 108,946,294	\$ 118,329,060

* PSERS Members Contribute September – May

Retiree Benefits Payments

ERS distributes monthly benefits to **71,734** retirees and beneficiaries. Below represents the monthly retiree payroll for all plans as of **September 28, 2018**. (Includes PLOPs, month of death checks, and retro payments.)

<u>Plan</u>	<u>FY2018</u>	<u>FY2019</u>	<u>Retirees</u> <u>Aug 2018</u>	<u>Retirees</u> <u>Sept 2018</u>	<u>Total Retirees</u> <u>Sept 28, 2018</u>
ERS	\$ 1,385,573,168	\$ 349,882,698	284	327	51,352
LRS	1,723,323	430,809	0	2	263
PSERS	62,010,746	16,015,181	73	90	18,630
JRS	24,953,708	6,451,643	3	2	367
GMPF	1,138,190	301,645	18	6	1,107
SCJRF	896,629	193,103	0	0	11
DARF	46,167	11,112	0	0	4
Total	\$ 1,476,341,931	\$ 373,286,190	378	427	71,734

Below is the percentage of retirees by plan with direct deposit as of **September 28, 2018**.

	<u>Number of Direct Deposits</u>	<u>Percentage</u>
ERS	50,484	98.3%
LRS	251	95.4%
PSERS	17,486	93.9%
JRS	358	97.5%
GMPF	1,095	98.9%
SCJRF	11	100.0%
DARF	3	75.0%
Total	69,688	97.1%

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 **9/28/18**, ERS has paid GTLI benefits for **377** deceased eligible members for a total payout of **\$10,444,464**.

GSEPS Update (as of 9/30/2018)

There are **35,127** GSEPS-covered employees as of **9/30/18**. Of this population, **30,866** 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.

	Jan 2017	Nov 2017	Jan 2018
0%	11.5%	12.0%	12.1%*
1%	14.4%	11.5%	11.0%
2% - 4%	8.6%	8.5%	8.1%
5%	54.7%	54.4%	55.2%
6% - 8%	6.0%	7.6%	7.4%
>8%	4.8%	6.0%	6.1%

*includes 1057 hardship suspension

Monthly Opt-Out Rate	4.4%	5.1%	4.9%
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In **FY2018**, ERS received Employer Match Contributions in the amount of **\$31,135,795**.

In **FY2019**, as of **8/31/2018**, ERS had received GSEPS Employer Match Contributions in the amount of **\$5,175,972**.

Retirement Eligible as of 8/31/2018

	Active				% Retire Eligible
	Elig - ER	Elig - NR	Not Elig	Total	
ERS	2,289	4,165	51,217	57,671	11.2%
GSEPS Plan	2	45	33,132	33,179	0.1%
New Plan	2,210	4,017	17,080	23,307	26.7%
Old Plan	2	40	2	44	95.5%
Law Enforcement	75	62	988	1,125	12.2%
Appellate/Supreme	-	1	15	16	6.3%
PRS	2,697	2,418	29,286	34,401	14.9%
JRS	40	109	357	506	29.4%
LRS	7	51	163	221	26.2%
Grand Total	5,033	6,743	81,023	92,799	12.7%

	Inactive – Vested				% Retire Eligible
	Elig - ER	Elig - NR	Not Elig	Total	
ERS	259	762	6,705	7,726	13.2%
PRS	989	424	3,592	5,005	28.2%
JRS	4	2	28	34	17.6%
LRS	12	12	51	75	32.0%
Grand Total	1,264	1,200	10,376	12,840	19.2%

Project Updates

Communications Division

- Board secure portal implemented on ERSGA website.
- Design of the ERSGA Brand Graphic Standards Manual was completed. The roll out of brand graphic standards has begun and will be an ongoing process moving forward.
- Website Glossary developed.
- Retirement Savings Week Webinar-a-thon slated for 10/25.
- Mass email communications for newsletters: CEM recommendations were considered where applicable to our organization.
 - A reformat was created with the title: “Retirement Minute”
 - This new title will empathize the quick nature of the educational and informational e-communications.
 - The Employer Retirement Minute is slated for October delivery.
- All plan Handbooks are being reviewed, updated and segmented out. The ERS handbook is being added to the website as a test for additional handbooks.
- Educational presentations were provided for:
 - Georgia Bureau of Investigations (GBI) / other affiliated agencies at the GPSTC
 - DCH Right from the Start Medical Assistance
 - Georgia Department of Community Supervision
 - DAS: Disability Adjudication Services
 - Dept. of Community Health / Right From the Start Medical Assistance (Held 2 tailored webinars for field staff)
 - Dekalb County Schools: PSERS
 - CSPA Conference

Financial Management Division

- During a periodic internal review of accounts, 3 retirees were discovered to have been in a “suspended status” for many years. A retiree is assigned a suspended status when the monthly pension payment is returned or there is reason to believe the retiree is deceased. Until the actual status of the retiree is confirmed, the monthly pension payment is suspended. After further analysis, 340 retirees were discovered to have been suspended between 2007-2013 with no subsequently confirmed status. At the completion of the project, 275 of those suspended were confirmed deceased, and as a result, GTLI and pension death benefits were paid to beneficiaries when appropriate. In addition, we determined an additional 38 had other circumstances that were accommodated. The remaining 27 along with any who are identified by the new process are being actively researched.
- Financial Management, along with the other Divisions, partnered with Accounting in providing support for the annual audit of the Retirement Systems. Support included requested documentation, reconciliation of Employer confirmations with annual transactions posted to the system, and explanations of operational protocol, procedural methodology and calculation results.

Information Technology

Operations

- In recognition of National Cyber Security Awareness Month (NCSAM) this October, Cyber Security Awareness training will be rolled out to all employees and contractors. A new employee onboarding Cyber Security training process will be implemented following the agency wide training.
- Planning and preparation for the next disaster recovery test in December is underway. IT equipment (phones and desktop(s)/laptop(s)) is being procured for the colocation office/work area.

Apps / BA

- Worked with DBA to upgrade all databases to SQL Server 2016 (remove deprecated code, batch testing, etc.).
- Changed ACH interface file per Wells Fargo specifications; includes changes to file layout, switching transfers to new internal file server and to new Wells Fargo connection. Keith and Jerome worked with bank and Eddie to rebuild batch scripts and permissions needed to execute on the new servers.
- Continue to work with Ops to migrate from old file server to new file server
- Upgrade Source Code Control = VSS to TFS (Team Foundation Server) migration for PARIS and database related code is being completed.

Legislative Affairs

- Responded to 35 Legislative Affairs Inquiries
- Completed 20 legal inquiry research requests
- Compiled information relating to actions, rules, and regulations set forth for ERSGA, and any other relevant Board of Trustees data for the years 2010 to 2014 into a historical tracking document

Member Services

- Customer Service – We have made a strong start to the Fiscal Year, handling 16,331 calls during the first two months, which is 95.94% of all calls received. Our Average Speed to Answer for these two months was 1 minute 12 seconds.
- 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 December Board meeting.

Peach State Reserves

- Allocation of excess expense fees and forfeitures – Completing final verifications for the allocations; expect to process in early November
- ERS DB/DC integration file – Completed testing and production update to integrate ERS pension data into the GaBreeze system
- Annual Retirement Evaluations – Mailed the annual Alight Financial Advisors retirement evaluations; evaluations for ERS members with a Peach State Reserve balance included pension and Social Security estimates

Quality Assurance Division

- The annual preparation of the actuarial data for all Plans and Members was completed and delivered to the actuaries on August 15th. This data is the basis for the annual valuations and GASB calculations.