

2010 Legislative Updates

Several pieces of legislation were passed and signed into law in the 2010 legislative session which affect the various pension funds administered by the Employees' Retirement System of Georgia (ERSGA). Below is a summary of the bills.

SB 172/Act 450 — ERS Disability Benefits:

Revises language relating to the handling of medical examinations for persons that are receiving disability benefits under age 60 by removing the ability for medical examinations to be conducted at the retiree's place of residence.

Additionally, this bill provides that earnable compensation in the calculation of earnings limitation for disability beneficiaries also includes workers compensation income. This prevents a member who retires on disability due to workers compensation from making more money in disability retirement than as an active employee. Workers compensation benefits plus disability pension benefits cannot exceed the last working salary. Effective May 24, 2010.

HB 916/Act 455 — ERS Retirees Returning to Service:

As part of a clean up to Act 275 (2009) (HB202), the bill clarifies requirements for ERS retirees returning to service. Specifically, a retiree that has not reached normal retirement age (age 60 with at least 10 years of service) on the effective date of their retirement is required to wait two consecutive calendar months prior to returning to employment. The employer of the rehired retiree is also required to certify that no agreement exists to allow such employee to return to service, including service as an independent contractor.

Retired members who return to state service and work more than 1,040 hours in any calendar year will have their retirement benefit suspended. The bill clarifies that a retired member who returns to service as an independent contractor will not be subject to the 1,040 hour limitation if their employing agency provides the Board of Trustees with certification that 1) the contracting entity has multiple employees; 2) the contracting entity has multiple contracts and the contracts are not limited to employers as defined in Code Section 47-2-1; and 3) the contractual relationship with the employer was not created to allow a retired employee to continue employment after retirement in a position similar to the one held before retirement. Effective July 1, 2010.

Legislation continued above

HB 969/Act 457 — PSERS Rehired Retirees:

This legislation is sponsored by the Teachers Retirement System (TRS) and mainly relates to that system; however, there are changes in Chapter 1 of Title 47, as well as changes in the Public School Employees Retirement System (PSERS) statute. Act 75 (2009) (HB 202) required that rehired PSERS retirees less than age 65 must have their retirement benefits suspended, return to active membership in PSERS and accrue additional service credits. Upon subsequent termination of service, the member would then begin receiving benefits based on total accrued service.

HB 969 changes PSERS to allow rehired retirees who are less than age 65 to cease contributions upon attainment of age 65 and begin receiving a retirement benefit based on the total accrued service actuarially reduced by any benefits already received prior to reemployment. Additionally, for PSERS members who have reached normal retirement age and return to service as a public school employee in any position that would normally require membership in PSERS, HB 969 now provides the option for these rehired retirees to:

- Not contribute to the system, in which event the member's retirement benefit shall not cease, and no additional benefits will accrue; or
- Cease their retirement benefit and re-establish active membership in PSERS. At the end of such service, the retired member will receive a retirement benefit based on the member's total accrued service actuarially reduced by any benefits already received prior to reemployment.

HB 969 also requires employers that employ retired PSERS members to certify in writing:

- The name of the member and if the retired member is age 65 or older.
- The retired member's election to either discontinue benefits and resume contributions or to continue receiving retirement benefits and accrue no additional credits under the retirement system.

Any employer that fails to give such notification shall reimburse the retirement system for any benefits wrongfully paid. The retired member must notify the employer of their retirement status prior to employment. Effective May 24, 2010. For more information on reporting rehired retirees, go to Page 2.

Legislation continued on Page 3

ERS General Office

404-350-6300

ERS General Fax

404-350-6308

ERS Toll Free

800-805-4609

Web

www.ers.ga.gov

New Rehired Retiree Reporting - July 1, 2010

Retirement plan statutes covering ERS, JRS and LRS generally limit the hours worked for retirees returning to service to 1,040 hours per calendar year.* Once a retiree has reached the 1,040 hour limit (typically within six months), the retiree must either cease employment or have their retirement benefits suspended for the remainder of the calendar year. To assist employers in reporting and tracking the hours of rehired retirees, ERSGA has developed a new Rehired Retiree Reporting Module. The new module will be on the Employer Reporting Online Desktop and include functionality to upload a file or manually report rehired retiree data. The new module will also provide year-to-date tracking of compensation and hours worked.

The Financial Management Group will be conducting training on the Rehired Retiree Reporting Module during the month of July 2010. A training schedule with locations and times will be provided to Human Resources and Payroll Officers in early July. Attendance at one of the scheduled training sessions will be beneficial to staff responsible for hiring rehired retirees, reporting the data to the retirement system or to those interested in understanding the process. All are strongly encouraged to attend.

The new monthly reporting of salary and hours worked for ERS, JRS and LRS retirees that return to service for ERS covered employers will begin July 1, 2010. The first reports to the retirement system will be due on August 5, 2010 (Rehired Retiree reports will be due on the 5th of the month). Employers that upload files via the Employer Reporting Website should by now have sent test files to the retirement system for validation. If your employer uses a third party payroll vendor, please contact your vendor to ensure readiness before July 1, 2010.

(* Please contact ERSGA for exceptions)

Exercise Care When Rehiring an ERS, JRS or LRS Retiree

When hiring a new employee who may have retired from an ERSGA covered employer, it is a good idea to ask the potential employee if they have past state service and if they are a retired state employee. Since the employee has a responsibility to notify the employer of his/her retired status, making this question a part of your hiring practices may help avoid complications later if it turns out you hired an ERS, JRS or LRS retiree. For example, O.C.G.A. § 47-2-110(c)(4) makes it the responsibility of employers to notify ERS within 30 days whenever an ERS retiree is hired. This notification along with the reporting of the hours worked can shield an employer from liability for pension overpayments in the event an employee exceeds the 1,040 hour limitation.

PSERS Rehired Retirees

As a reminder, PSERS reporting ended May 2010. Reporting for the PSERS plan is from September – May each year. This includes contribution reports and file transfers. Please be sure to discontinue the \$4.00 contribution deduction from covered employees from June – August. Once reporting begins in September, remember the requirements for rehiring PSERS retirees.

Rehired PSERS Retiree Under Age 65

- Complete PSERS Rehired Retiree Reporting Form.
- Return to Active status, contribute to PSERS and accrue additional service credit.
- Reapply for retirement benefits upon termination OR upon reaching age 65 (new).
- New retirement benefit will be based on total accrued service and current age, actuarially reduced by any benefits already received prior to reemployment.

Rehired PSERS Retiree Age 65 or Older (New)

Complete Rehired Retiree Reporting Form. Employee must indicate on the form whether they elect to:

- Not contribute to the system, in which event the member's retirement benefit shall not cease, and no additional benefits will accrue; **OR**
- Cease their retirement benefit and reestablish active membership in PSERS. At the end of such service, the retired member will receive a retirement benefit based on total accrued service, actuarially reduced by any benefits already received prior to reemployment.

All PSERS Rehired Retirees

All PSERS employers that employ retired PSERS members must certify on the PSERS Rehired Retiree Reporting Form the name of the rehired retiree and if the retiree is age 65 or older. Any employer that fails to provide this information shall reimburse the retirement system for any benefits wrongfully paid. The retired member must notify the employer of their retirement status prior to employment.

County JRS Employers - Employer Plan Pickup Update

If your county contributes a share of the employee contribution (7.5%) for solicitors, state court or juvenile judges, please let us know. A survey requesting this information was sent to all County JRS employers during the past quarter. If you have any questions regarding the survey, contact your Financial Management Employer Representative. Completed surveys should be faxed to 404-350-6304.

New Online Enrollment for GDCP and PSERS July 1, 2010

In July 2009, ERSGA moved ERS and LRS Plans to online enrollment and beneficiary designations. Coming July 2010, GDCP and PSERS Plan new hires and plan members will also move to online enrollment and change of beneficiary updates! After their first contributions are received by ERSGA, new hires will be notified via a Plan Welcome Letter to make their designations online. All current members of both plans can update their beneficiaries online by accessing their accounts at www.ers.ga.gov. Membership Applications should no longer be used.

Monthly Reporting Issues

The following are some demographic data components that have been missing or incorrect on a number of recent employer files. We bring these to your attention for review and an update on future transmissions. The Financial Management Group is working internally to provide all employers specific demographic error reports in the near future.

Date of Birth

- Date of birth is required on all employees - for all Plans.
- If the date of birth is incorrect, please check with the employee and correct the date of birth in your system.

Name

- A complete first and last name is required on all employees - for all Plans.
- If an employee is using the first initial instead of his /her name, please review the social security card or other documentation to ensure this is also on the card. If not, the complete name must be provided in the electronic file.

Hire Date

- New hires must have the latest hire date in the file.
- Rehires must also have a rehire date (not the original hire date) - for all Plans.
- JRS new hires must also complete a Membership Application form.

Social Security Number

- To mitigate reporting errors due to incorrect social security numbers (SSN), please ensure that the SSN provided matches the official documentation.
- If the SSN submitted is incorrect, fax a copy of the SS card to ERSGA for correction and update your system.

LWOP or MWOP Payment Reason

- Contribution detail records must continue to be reported for members on leave to retain their active status.
- While on leave w/o pay, \$0.00 salary, \$0.00 contribution, 0% time and LWOP/MWOP payment reason should be included in the detail file.

Employer Contribution Rates - FY 2011

As reported previously, employer contribution rates for all plans remain the same for Fiscal Year 2011. **Employer contribution rates for FY 2012 are changing.** Information on the new rates for all plans can be found under the Employer Link on the ERSGA Website at www.ers.ga.gov.

Do You Use An Outside Payroll Vendor?

If you use an outside IT vendor for transmittals or payroll, please e-mail updated contact information to the Financial Management Group care of Carlton Lenoir at Carlton.Lenoir@ers.ga.gov.

Legislation Continued From Page 1

HB 997/Act 682 — Social Security Coverage Group; State Personnel Administration Jurisdiction:

Updates Chapter 18 of Title 47 relating to Social Security and moves the responsibilities from the Employees' Retirement System to the State Personnel Administration. Effective July 1, 2010.

SB 436/Act 681 — Repeal certain obsolete and inoperative provisions:

Updates Title 47 by removing obsolete and dated language from the statute. Any rights that members had under such provisions will remain intact. Effective July 1, 2010.

For more information on legislation pertaining to retirement, visit the Legislation section of the ERSGA website at www.ers.ga.gov.

Update Your Links to Our Website

If you maintain links on your departmental/agency website to the ERSGA website, please review those links to make sure they are using our new address. We updated our website address in February 2010 to ers.ga.gov and will discontinue making the old address available (ersga.org) in 6 months.

In the event of any conflict between this publication and the laws, rules and regulations governing the plans, the terms of the laws, rules and regulations will have precedence.