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## FY14 Employer Rates Announced

The ERS Board of Trustees recently approved the FY14 employer contribution rates for all plans. The rates for our most common plans are below:

Plans	FY 14 Rates - Effective July 1, 2013
ERS – Old Plan, New Plan and GSEPS	Old Plan – 13.71% + 4.75% pick up New Plan – 18.46% GSEPS – 15.18%
JRS	4.23%
LRS	0%

For a complete list of contribution group rates by plan, please visit our [website](#).

# Online Terminations - Ad Hoc Termination

The Ad Hoc Termination Reporting Module was implemented March 2012. The module resides on the Employer Desktop and is available for all employers. The process was created to provide an online reporting tool for employers to submit termination and LWOP data to the retirement system when not sent with the regular monthly reporting data.

ERSGA requires that employers provide termination dates for all employees discontinuing service before the employees may apply for benefits. ERSGA also needs to know when employees are on LWOP since it can affect membership and disability eligibility, as well as GTLI premiums and payment status. The termination date and LWOP pay statuses are usually transmitted with other personnel and salary data in the monthly consolidated file or Monthly Detail on the employer [website](#). However, updates via the file are limited to one per employee per month. The new online module allows employers to provide this information real-time.

*How do Employers know if they have employees with missing termination or leave data?*

Employers are prompted to access the Ad Hoc Termination Module upon receipt of the Ad Hoc Termination Memorandum from ERSGA. The emailed memo advises that termination or leave data is missing for members in the most recent reporting period. Employers are asked to provide this data for all listed employees within 5 business days of receipt of the memorandum. Here are the numbers as of the last reporting period (inception to date) – July 2012:

Plan	Employers with Missing Data	Total Contributing Members	Members with Missing Data
ERS	42	64,719	472
LRS	0	220	0
JRS	2	502	2
PSERS	0	39,316	0
GDCP	103	16,932	9,901
<b>Total</b>	<b>147</b>	<b>121,689</b>	<b>10,375</b>

These numbers indicate that for our full-time positions, employers are doing a phenomenal job of reporting the termination and leave data in a timely fashion. We appreciate your efforts. Please know that your work ensures that all benefits are paid in a timely fashion and employee membership and benefit eligibility statuses are maintained accurately.

We do need your help to improve the receipt of data on part-time members of the Georgia Defined Contribution Plan (GDCP). Much of the missing data remains outstanding because the work is seasonal/temporary. However, all employers should have measures in place to ensure that these positions are not kept open indefinitely. For example, several employers review their part-time positions monthly, and terminate positions with little to no activity during the previous 12 months; other employers close positions based on inactivity during shorter time periods. It is important to monitor GDCP employee accounts to accurately reflect member status.

## A Reminder about Pension Spiking

Remember, if one of your Employees' Retirement System (ERS) employees receives a salary increase(s) in excess of 5% in the 12 months prior to their retirement, you (as the employer) will receive an invoice for the full actuarial cost of the additional pension resulting from the increase(s) in excess of 5%. This is in accordance with House Bill 476 (Act 83), which was passed during the 2009 Legislative Session. If you have any questions, please contact our Chief Operations Officer, Susan Anderson, at [susan.anderson@ers.ga.gov](mailto:susan.anderson@ers.ga.gov), or at (404) 603-5714.

### For Your Information

#### **Employee Webinars –**

*In effort to keep our members better informed of their future retirement benefits, ERSGA conducts webinars for employees to learn more about such benefits. The webinars cover a variety of topics related to both the retirement system and Peach State Reserves 401(k) and 457 Investment Savings Plan. Information on the webinars and registration for the web classes can be found [here](#). Please encourage your employees to attend.*

#### **Employee Newsletter –**

*ERSGA will begin sending out an annual Employee newsletter early this fall, to help keep members up to date with current happenings at ERSGA. **The newsletter will be sent in an electronic PDF format for you to distribute to your agency's employees. Thank you for your help!***

# Georgia State Income Tax Offset to be Discontinued for ERS

During the August Board meeting of the Employees' Retirement System (ERS), the Board of Trustees voted to discontinue the 3% tax offset adjustment for ERS members whose effective date of retirement is on or after July 1, 2013. Members who retire on or before June 1, 2013 will continue to receive the 3% tax offset adjustment; current retirees will not see a decrease to their retirement payment.

Prior to 1989, Georgia did not include income from Georgia state retirement systems as taxable income. However, the United States Supreme Court ruled in 1989 that each state must treat the taxation of federal and state retirement benefits in the same manner. In response to this ruling, the Georgia General Assembly enacted legislation in 1990 to authorize the ERS Board and other retirement system Boards to grant a special benefit increase to retirees receiving benefits on July 1, 1990 to at least partially offset the taxation of state retirement benefits. The benefit increase was only able to be applied to the first \$37,500 of annual income from the ERS plan.

Georgia's tax code has been amended throughout the years to increase the amount of retirement income exclusion. As of Calendar Year 2012, the amount of the exclusion is up to \$35,000 for all retirees aged 62-65, and up to \$65,000 for retirees aged 65 and older. ERS retirees who are at least 62 years old are currently receiving a double benefit by receiving both the tax offset and the tax exclusion collectively for the same retirement income. With this tax exclusion in place, the original intent of the 3% tax adjustment is no longer valid once a retiree reaches age 62.

The Board of Trustees is committed to maintaining its position as the guardian of the retirement plans it administers by making necessary changes to ensure financial stability and actuarial soundness as required by Georgia law. For the last several years, it has been necessary to increase the employer contribution rate to the plan. Discontinuing the tax adjustment, which is a discretionary feature of the plan, is part of the overall management of the plan for the protection of the members, retirees, and beneficiaries the retirement system serves.

The discontinuation of the 3% tax offset does not impact the retirement benefit calculation that is defined in Georgia Law. Retirement estimates produced by ERS do not include the 3% tax adjustment (and never have) as this has always been a discretionary adjustment granted only at the time of retirement. Please contact our office if you have any questions or concerns regarding this change.



## ERSGA Forms

Over the last several months we have been updating our forms to comply with legislation, and to streamline our processes. We have replaced several of our forms with updated versions, which are accessible on our [website](#). Please discard all your old forms! If you can't find the form you're looking for online, we may have automated that process and no longer require the form. Please give us a call if you're not sure (404-350-6300).

Please take a look at your files to see if you have kept any completed original Membership Application or Change of Beneficiary forms. If you have any of these completed forms, please send them to us immediately. For a beneficiary designation to be valid, it must be received by us prior to the death of the member.

### *Membership Application*

Only **new** members of the **Georgia Judicial Retirement System (GJRS)** and the **Legislative Retirement System (LRS)** should complete a Membership Application Form. New members should no longer be completing these forms for ERS, PSERS, or Georgia Defined Contribution Plan (GDGP). New members of these plans will automatically receive a Welcome Letter once their first contribution is made. The Welcome Letter will direct them to register on our website and make their beneficiary designations.

### *Final Certification*

For the ERS Plan, we have consolidated required retirement forms by combining the Salary Certification form and the Employer Certification of Forfeited Leave form into a single form. This Final Certification form will be sent to you for each of your expected retirees. Please complete this form and return it to us no later than **5 days after your employee's retirement date**.

# ERSGA Member Self-Service

Did you know our members can manage their accounts through our secure self-service website?

On our secure site, <https://secure.ers.ga.gov>, members can:

- View their accounts, including total contributions and interest and total service credit
- View and make changes to their beneficiaries
- Run a retirement estimate (even new employees) using the same program and data ERSGA uses:
  - User-friendly
  - Can run estimate based on service or disability retirement
  - Can be determined by age, years of service, or proposed retirement

We highly recommend that you try out our website for yourself. Once you see how helpful it can be, please encourage your employees to register for access.



# 2012 Legislative Update

Several Legislative bills passed during the 2012 Legislative Session that impact the Employees' Retirement System of Georgia. Additional information can be found on the [Legislation](#) page of the ERS website.

## **HB 183 (Act 646)**

This bill offers current members of the General Assembly who previously declined to join the Legislative Retirement System (LRS) the opportunity to join immediately. It also offers the opportunity to purchase past service at full actuarial cost. The opportunity to purchase past service is only available until December 31, 2012.

## **HB 250 (Act 649)**

This bill offers Judicial Retirement System (JRS) members who initially declined Spousal Coverage the opportunity to purchase that coverage. The opportunity to purchase coverage can be exercised any time prior to retirement.

## **SB 246 (Act 763)**

This bill increases the monthly employee contribution from \$4.00 to \$10.00 for new members of the Public School Employees Retirement System (PSERS) beginning July 2012. Provisions provide for the minimum monthly retirement benefit for PSERS members to increase from \$12.00 to \$14.75 for each year of creditable service.

The maximum monthly retirement benefit will increase from \$15.00 to \$16.50 for each year of creditable service. The benefit increases are to the extent that funds are appropriated by the General Assembly.

## **SB 286 (Act 728)**

The Georgia State Employees' Pension and Savings Plan (GSEPS) portion of the bill clarifies the procedures for transfers between GSEPS and the Teachers Retirement System (TRS). The Employees' Retirement System (ERS) has identified GSEPS transfers received from TRS, which will be recalculated and administered under these new provisions. TRS will identify the number of transfers from GSEPS to TRS to be recalculated and administered under the TRS plan under these new provisions.

The bill also allows Tax Commissioners, tax collectors, tax receivers and their employees, who first or again take office or become employed after July 1, 2012, to have the option to become members of either the Employees' Retirement System (ERS) or a local pension plan. Membership in both plans is prohibited. If membership in ERS is designated, the County will then be responsible for paying employer contributions for such member(s).

## Rehired Retiree Update

This month marks the 2nd anniversary of rehired retiree reporting and we thank you for your continued cooperation. This calendar year, according to our most recent reports, 1,148 retired members have returned to work for the state. Retirees returning to work with the state averaged 323 hours through June of this year. Thanks to your efforts we are able to track this information and prevent paying excess pension benefits to retirees working more than 1,040 hours in a calendar year.

This year we will be asking you to also report the hours for 1099-Misc Payees. ERSGA receives 1099-Misc files each year. We have a number of retirees who appeared on the 1099-Misc files for 2011 and do not have hours reported on our website. Although traditionally paid outside of normal payroll processes, rehired retirees returning to service as non-employee vendors remain subject to the 1,040 hour limitation. Each month, these 1099 payees' earnings and hours must be reported to ERSGA to ensure comprehensive monitoring and tracking of all rehired retiree hours. This safeguards employers from costly overpayment invoices and helps to keep our retirement systems' funding sound.

Please be aware that the hours we are tracking are not finalized until you approve the data each month. This means that a retiree could exceed the 1,040 hour limit and continue to receive their monthly benefit. We need your help to submit and approve your rehired retiree data as soon as possible. The due date for the reports is the 5th of each month.

As of September 1, there are 142 employer reports waiting for approval. This data is available to you on the Rehired Retiree Reporting module of the Employer Desktop. We request you review this data and get it updated and approved in a timely manner, so that we can avoid overpaying potentially hundreds of thousands of dollars in pension benefits.

As a reminder, employers must submit ERS/LRS/JRS Rehired Retiree Forms for each retiree returning to service. The form can be downloaded under Employer Forms and Information on our website. Note: Special reporting rules apply for PSERS retirees returning to service. Please contact your employer reporting representative for more information.

# Peach State Reserves 401(k)/457 Investment Option Changes

The last few years have featured turbulent markets and challenging times, particularly for those who value stability of principal while trying to achieve a reasonable level of interest income. In response to these new challenges, the Peach State Reserves 401(k) and 457 plans will be making some investment menu changes. The changes will impact the choices available for those who want more secure, shorter term savings vehicles.

With the emergence of new investment funds that offer many of the same benefits of stable value, we have made the decision to close our Stable Value Fund and open three new funds which, together or separately, may provide more efficient investment outcomes for participants. For those who desire a very liquid, short term vehicle, we will be offering a Money Market Fund. For those who would like the potential for a higher yield, we will be offering two new Target Maturity Bond Funds that are designed to achieve yields higher than a money market fund, and which also will offer greater security of principal compared to more traditional short-to-medium term bond funds.

These new options will be introduced on Friday, September 28, 2012. The Stable Value Fund will be closed to new investments as of 4 p.m. (or market close) on Thursday, September 27, 2012. Transfers out of the Stable Value Fund will be available through 4 p.m. (market close) September 28, 2012, after which any remaining Stable Value balances will be transferred to the two new Target Maturity Bond Funds, split equally. After September 28, any actively-contributing employee with an investment election in the Stable Value Fund will have their investment elections from the Stable Value Fund realigned to a 50% weight in the 2015 Target Maturity Bond Fund and a 50% weight in the 2017 Target Maturity Bond Fund (any other investment allocations will remain unchanged).

For more information on the new funds or to make transfers or reallocations, access your account on the GaBreeze website at [gabreeze.ga.gov](http://gabreeze.ga.gov) or call GaBreeze at 1-877-342-7339. New fund information is located in the [Plan Information](#) section of the website.

## Do Your Employees Have Questions About Their Retirement Plan?

ERSGA is here to assist state employees with all of their retirement plan related questions. For immediate assistance, employees can call our office at (404) 350-6300, or toll free at (800) 805-4609 (outside metro Atlanta area), Monday through Friday, between 8:00 am and 4:30 pm. A knowledgeable representative will be pleased to help. If the phone call doesn't answer all of your employee's questions, the employee may request an appointment to speak with an ERSGA representative in person. A representative will call the employee back to schedule the appointment. If your employee arrives at our offices without a scheduled appointment, we will do our best to assist your employee, but we cannot guarantee that we will be able to see them right away, or even that same day.

If an employee is coming to our offices for either a scheduled or unscheduled appointment, please tell him/her that we cannot run a calculation, or process any forms, for them while they are here. Appointments are times when we can answer questions, take requests for calculations, and accept forms and paperwork. If an employee has a question about the amount of their retirement benefit, they should request and receive the calculation estimate before requesting an appointment to discuss it.

Another great resource for employee questions is our website, [www.ers.ga.gov](http://www.ers.ga.gov). Encourage your employees to visit our [website](#) to review their pension handbook. For employees who are completing their Retirement Application, have them go to the [Seminars](#) page on the website and view an online version of our WRAP presentation. For personal information, employees can sign on to "[account access](#)" to view their contribution balance and service, review and update their beneficiaries, and generate an estimate of their retirement benefit.



# Allocate Your Monthly Invoices

As of the most recent reporting period, 287 employers had unallocated invoices. Most are credit invoices, which can reduce current employer payments. For example, two employers reporting to the ERS plan have total outstanding invoice credits of \$119,306! These credits may belong to your agency.

Plan	Number of Employers	Invoice Totals
ERS	138	<\$38,271.98>
LRS	1	<\$92.95>
JRS	55	\$69,125.42
PSERS	42	\$1,796.00
GDCP	51	<\$34,134.16>
Totals	287	<\$1,577.67>

As a reminder, Employer invoices are created when there is a variance between the amount of the employer contribution payment and the employee detail data submitted for the monthly reporting period. The following note will be displayed on Maintain Monthly Summary Report Module for employers with outstanding invoices: **“Your agency has outstanding invoices. Please allocate your invoices before submission.”**

*How do I allocate my invoices?*

Once the employer summary report is opened, click the Invoice tab to review a list of all outstanding invoices. The allocation process is very simple:

- Click the box to select invoice to allocate
- Click allocate button at the bottom of the window
- Enter invoice amount under the Total Invoice Adjustment section on the summary report
- Submit the summary report

Our goal is to clear all outstanding invoices from the prior fiscal year by December 1, 2012. To that end, we will be contacting you if your agency has invoices from any prior fiscal year. Let’s work together to achieve this goal! Please contact your employer representative for more information.

## Keep Your Contact Information Current

### Employer Email Addresses

In order to ensure ERSGA has correct contact information, employers are asked to notify ERSGA immediately of changes in payroll or human resources (HR) personnel. On average, 40-45 emails are returned as undeliverable from each ERSGA mailing throughout the year. This means an employer doesn’t receive necessary information and cannot share vital information with employees. Employers should contact their assigned employer representative for a contact form if there are any changes.

In addition to the payroll and HR contacts, ERSGA maintains a list of executive level contacts. Emails are often sent to these contacts regarding system or legislative changes, so it’s equally important to keep these contacts updated.

### Employee Mailings

Employers are reminded to keep mailing information for their employees current through employer transmittals. Please let your employees know it is important to update personnel records, so the information can be shared with ERSGA. Your help is very much appreciated.