



fall | 2013

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### **Furloughs Due to Federal Shutdown**

**The Department of Administrative Services and the Office of Planning and Budget recently issued a memo with guidance regarding pension contributions impacting employees placed on furlough due to the federal government shutdown.**

*If employees will be placed on furlough for less than an entire pay period, flexible benefits and retirement will be unaffected, provided there is sufficient pay to cover the deductions. For purposes of retirement, normal earnings and deductions, rather than the reduced earnings resulting from a partial pay period, should be reported to the Employees' Retirement System and Teachers Retirement System. Team Works Financials agencies should use the Furlough (FUR) earnings code to ensure that reported salary is unreduced.*

# Outstanding Employer Invoices

As of the August 2013 report month, there are approximately 1,700 outstanding employer invoices totaling \$(201,452). These invoices are generated when there is a discrepancy between the electronic data and the cash received for an agency. In the event of such a discrepancy, a pop-up window will alert an employer when accessing the employer desktop to submit the monthly report and payment.

Please be aware you may have a credit on file or an outstanding debit. To view your agency's status, go to the Employer Desktop>Monthly Summary Report>Invoice Tab.

We implore you to take advantage of these potential credits by allocating your outstanding invoices to your next summary report submission. Contact your employer reporting representative for more information.

## Address Changes for Active Members

In the event an active member needs to update their address, employers must submit such changes to ERSGA electronically with the monthly detail file. Changes cannot be sent via email, fax, or snail mail, or called into ERSGA.

Corrections must be transmitted in one of two ways:

### FTP Employers:

Corrections should be transmitted in the monthly employee detail. Enter the appropriate employee address data into employer's payroll software system prior to creation of the monthly detail file. The transmitted changes will automatically update the employee's pension account.

### Manual Employers:

Corrections can be entered online via Monthly Detail. Enter the appropriate employee address data in the required fields on the employee's Demographics Tab from Employer Desktop > Maintain Monthly Detail Data Module, and save. The transmitted changes will automatically update the employee's pension account. **Important:** Changes will not update if the transmitted employee name or date of birth does not match the pension account name and date of birth on file with ERSGA. In addition, changes will not update if both P.O. Box and street address are transmitted for an employee, as in the example below. Please only use the street address OR the P.O. Box.

Joe Doe  
P.O. Box 1234  
1996 Northside Drive  
Atlanta, Georgia 30318

Employers should contact their ERSGA employer reporting representative with questions or to confirm address changes. Let your employees know the importance of keeping their demographic information up to date, so the information can be shared with ERSGA. Thanks for your help!



# All Employer Manuals Now Available

ERSGA is pleased to announce that Employer Manuals for the Employees' Retirement System (ERS), Georgia Defined Contribution Plan (GDGP), Public School Employees Retirement System (PSERS), Legislative Retirement System (LRS) and Judicial Retirement System (JRS) are currently available on the [employer section](#) of our website.

These manuals provide employer human resources and payroll professionals with practical guidance on the employer's role in retirement plan administration for their employees. We encourage all employers to review these manuals, and use them as a resource for questions regarding our plans.

Each manual begins with a message from our Executive Director, Jim Potvin, and gives an informative overview of the system and the plans administered by ERSGA. A page with general contact information is included, listing each ERSGA division and their general responsibilities.

The topics covered represent key stages of membership: Enrollment, Active Member Reporting, Membership Service, Leaving Employment, Re-employment, and Rehired Retiree Reporting.

**Enrollment** - answers questions pertaining to membership eligibility, pension eligible compensation, and contribution rates and provides other pertinent information regarding employee plan enrollment.

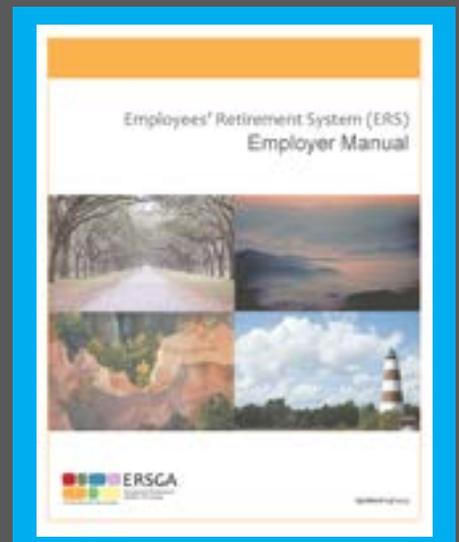
**Active Member Reporting** - provides information on reporting a member after enrollment, and includes a detailed description of the online portal and how to correct errors made during the reporting process. This section also includes information on special reporting situations, such as death in service or LWOP.

**Membership Service** - describes the ways in which creditable service is acquired by providing information on vesting requirements, service accrual, service purchase, service transfers, and forfeited leave (if applicable).

**Leaving Employment** - outlines employers' responsibilities regarding terminations and refund processes.

**Re-employment and Rehired Retiree Reporting** - addresses employers' responsibilities when a former employee returns to employment before or after retirement.

All manuals are available for download on our [website](#).



## Contact Information Verification

ERSGA will be asking each agency to verify the contact information we have for your Agency Head, Fiscal Officer, Human Resources Director/Manager, and Reporting Official in an effort to ensure we have accurate records. We plan to request this information on a bi-annual basis beginning this fall. The request will be sent to all available contacts at the agency and will require verification of the contact information. Please be on the lookout for our Agency Contact Update email later this fall.

# Payroll Frequency Update

ERSGA uses the supplied payroll frequency and payment reason in the contribution detail file to calculate member benefits and contribution costs. An inaccurate pay frequency or payment reason can delay benefit calculations and/or result in erroneous pension payments and contributions.

Pay frequency became a required field for all employers as of July 2013. As of the August 2013 report month, all employers have complied. To ensure continued compliance, please consider the following when you submit your monthly electronic detail:

- If you have a bi-weekly or weekly payroll frequency, make sure that for the three or five pay period months, salary and pay frequency are synchronized.
- If your pay frequency changes, please contact your ERSGA employer reporting representative to update your profile.

## For Your Information

*In late November 2013, ERSGA will be sending a request for your 2014 Payroll Frequency calendar. Please make sure this information is returned to our office no later than Monday, December 16, 2013.*

## Have You Submitted Your Tax Status Survey?

Earlier this year, ERSGA conducted a survey concerning the tax treatment of employee contributions to ensure compliance with state law (OCGA §47-2-331). We required employers to indicate whether contributions were being deducted as pre-tax or post-tax, and if any percentage of these deductions were being paid by the employer. As of today, approximately 81 employers have not responded to the survey.

As a reminder, pre-tax deductions are taken before Federal, State, and OASDI taxes are calculated, thus reducing employee taxable income (reduces employee tax liability). Post-tax deductions are taken after Federal, State, and OASDI taxes are calculated and deducted (no effect on employee tax liability).

Thanks to all who have already participated, and we encourage all employers to submit this data as soon as possible. Think you might be on the outstanding list? Contact Renita Watts at 404-603-5685 or [renita.watts@ers.ga.gov](mailto:renita.watts@ers.ga.gov).



## Member Benefit Statements Coming Soon

On December 2, 2013, benefit statements will be available for Active ERS Members who contributed to ERS through September 2013. The statement will show the member's account balance, service, accrued and projected retirement benefits, death benefits under the retirement plan, and designated beneficiary information. The statements will be available online at [www.ers.ga.gov](http://www.ers.ga.gov). Members will use [Account Access](#) to log in to their account; their statement will be available under Personal Correspondence. ERS Statements will not be printed and mailed. Please encourage your employees to access their statement online! For employees having difficulty accessing their statements, Employer contacts will have access to their Agency's statements on the ERSGA Employer Portal.

In April 2013, statements were prepared for Active PSERS Members who contributed to PSERS through March 2013. Members can access their statements in the same manner described above. Employer contacts will have access to their Agency's PSERS statements on the ERSGA Employer Portal within the next few weeks.

## Online Forfeited Leave Update

The online forfeited leave module was released to employers in June. Thanks to excellent feedback and your early adoption of the process, we have had a successful implementation. As a reminder, employers have the option to pay for final forfeited leave service by using direct debit (ERSGA ACH), SAO ACH, ARIS (Treasury), or by check. Please continue to monitor your emails for our notifications:

- Receipt of a retirement application for your agency
- Request for preliminary forfeited leave certifications
- Request for final forfeited leave certifications
- Monthly Invoices Ready for Review and Payment – 16th day of the month
- Reminders for missing final certifications or payments

Please keep in mind that the new online process does not incorporate unpaid forfeited leave costs prior to June 2013. We appreciate your assistance, as our Member Services staff works to ensure that all past forfeited leave service is properly certified and paid. If your agency has retired employees in the past and forfeited leave has not been certified and/or paid, please make it a priority to contact us to get these resolved. (Contact Rhonda Thomas at 404-603-5655 or [rhonda.thomas@ers.ga.gov](mailto:rhonda.thomas@ers.ga.gov).)



# Help Your Employees Save for Retirement

As of July 1, 2013, the 401(k) Automatic Enrollment and opt-out process for GSEPS members was modified in an effort to emphasize the importance of 401(k) participation and employer match maximization to GSEPS members.

To continue this effort, ERSGA is asking for your assistance with GSEPS new hires by informing these employees that failure to access [GaBreeze](#) to increase their 1% contribution rate will result in missing out on free money. Please encourage employees to use and take full advantage of the online tools available on [GaBreeze](#) to help them meet their retirement goals.

Increased participation in the 401(k) program under GSEPS is critical for employees to prepare for a successful and comfortable retirement.

- Currently there are **19,265** active members in the GSEPS plan:
  - **10%** have chosen not to participate in the 401(k) program portion at all
  - **64%** are contributing only the minimum 1% automatic enrollment
  - **10%** are contributing between 2% and 4% to the plan
  - **14%** are at a rate of 5% or higher to get the entire state match

Industry best practice suggests that **members need to have between 70-100% income replacement** for retirement.

New Plan vs. GSEPS income replacement comparison side by side for a 30 year plan member below:\*

New Plan vs. GSEPS income replacement comparison side by side for a 30 year plan member	
New Plan	GSEPS
<ul style="list-style-type: none"> <li>▪ 30 years will provide 60% replacement</li> <li>▪ Social security provides between 25% and 30% replacement</li> <li>▪ Worst case scenario with SSA is about 85% replacement</li> </ul>	<ul style="list-style-type: none"> <li>▪ 30 years will provide 30% replacement</li> <li>▪ Social security provides between 25% and 30% replacement</li> <li>▪ Worst case scenario with SSA is about 55% replacement               <ul style="list-style-type: none"> <li>◦ 401(k) with employer match is the solution, but leaving your rate at 1% over a 30 year career will only provide an additional 1-2%</li> <li>◦ For many, a 5% contribution may not get employees to the goal by only providing an additional 11-12%</li> </ul> </li> </ul>

By educating our workforce, we can work together to help employees make good decisions about their retirement.

Should you have additional questions about the GSEPS plan, please contact Richard Crippen at [richard.crippen@ers.ga.gov](mailto:richard.crippen@ers.ga.gov).

For those conducting new hire orientations, there is an updated [GSEPS New Hire Orientation](#) on our website.

\*Based on a \$30,000/year starting salary with a 5% annual increase and 3% inflation, 6.5% pre-retirement rate of return, 3.3% starting withdrawal at age 60, and 4% post-retirement rate of return.