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### **New Plan Reporting**

#### ***Pension Compliance Files and Census Data Audits***

Beginning with the June 30, 2014 fiscal year, ERSGA, in compliance with GASB Statement No. 67, *Financial Reporting for Pension Plans*, updated its financial reports to include a measurement of our plans' Net Pension Liability. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers to report their share of the Net Pension Liability.

Several ERSGA financial statement data elements, such as Net Pension Liability, contribution revenue, and contribution receivables are dependent on the accuracy and completeness of census data. To ensure significant census data items are completely reported and accurate, the new pension compliance file reporting and sample audits were initiated this year.

Compliance file testing will be completed in May 2015 and compliance files must be in production by June 1, 2015. Compliance files will be uploaded using the *Upload File* Module on the Employer Desktop by selecting the compliance file in the new drop down menu.

If your agency has been selected for a census data audit, please cooperate fully with ERSGA by providing source documentation by the date provided in your audit engagement letter. The results of the audit will be communicated by June 30, 2015.

# **GASB Statement No. 68 Update**

## *Accounting and Financial Reporting for Pensions*

Employers who prepare and report separate financial statements and do so under GAAP (Generally Accepted Accounting Principles), must comply with GASB Statement No. 68. If you are a state agency or a local or county employer, and GASB Statement No. 68 applies, you will for the first time recognize the proportionate share of the collective pension amounts for all benefits provided through our plans. Per GASB Statement No. 68, these pension amounts include the Net Pension Liability, deferred inflows of resources, deferred outflows of resources, and pension expense.

While GASB Statement No. 68 does not specify which party, plans, or employers are responsible for calculating the pension amounts, the state's GASB Statement No. 68 steering committee recommended that ERSGA provide all the required data to employers. To that end, ERSGA has engaged its actuary to calculate the pension amounts for all plans. We are preparing employer packets with the required disclosures and supplementary information, which will be provided no later than June 30, 2015.

*Note: GASB Statement No. 68 is strictly an accounting and reporting requirement. While the liability associated with retirement plan benefits has not previously been reported in your financials, it is not a new liability. It has been reported in our plan financial statements since the plans began. ERSGA pays down this liability much like a mortgage and will continue to fund the systems with employer contributions, employee contributions, and investment earnings.*

## **Pension Spiking**

If one of your Employees' Retirement System (ERS) employees receives a salary increase(s) in excess of 5% during the 12 months prior to retirement, you (as the employer) will receive an invoice for the cost of the additional pension resulting from the increase(s) in excess of 5%. (O.C.G.A. § 47-2-34)

Here are some common questions we receive about these invoices:

**Q:** Jane received a large pay increase last July 1 and will be retiring this upcoming July 1. Since she will have been at her current level of pay for a full 12 months, will her pension be considered Pension Spiking?

**A:** Yes! If Jane is retiring on July 1, the 12 months prior to retirement are from the previous July 1 through the current June 30. If Jane received an increase on July 1, it is considered to be within the final 12 months. Some employers have worked with their employees to have them delay their retirement by a month or more in these situations.

**Q:** Fred's salary increase last fall was because of a promotion. We had a position open and he was the best qualified applicant for that position. We didn't "spike" his salary before retirement, so why are we getting an invoice for this?

**A:** While we refer to this cost as Pension Spiking, the legislation applies to anyone who receives a salary increase in excess of 5% during the final 12 months of employment. In many cases, these increases in pay are the result of promotions or market adjustments, not any specific intention to inflate an employee's pension. Regardless, when an employee receives a large pay increase shortly before retiring, the effect is to grant that employee an increased pension for his lifetime. In funding this increase, the retirement system absorbs the cost of the first 5% of the pay increase, and the employer is billed for the balance of the cost.

**Q:** Sarah received an increase on April 1 and is considering retiring at the end of this year. Can we get an estimate of the amount we'll be responsible to pay under the Pension Spiking rules?

**A:** Yes! Contact Susan Anderson with the expected retirement date for an estimate of the pension spiking cost.

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.

# PSERS Member Statements

In April 2015, the Public School Employees Retirement System (PSERS) published statements for all active members. These membership statements are only available on the ERSGA website at [www.ers.ga.gov](http://www.ers.ga.gov).

**PLEASE NOTE: PSERS Members are non-teaching school personnel. Teachers may access their retirement information at [www.trsga.org](http://www.trsga.org). We have updated the flyer with this information.**

Our goal over the next few weeks is to communicate with members through employers to register on the website so that they can access their statements. Currently, there are less than 5% of active PSERS members who have a registered account. We need your help in getting those who have not registered to promptly do so.

Please distribute the **updated** PSERS Member Statement Flyer (click [here](#)) to PSERS members and post a link to the **updated** flyer to your school's website. Also, please encourage members to register on the ERSGA website.

We appreciate your assistance.

## Termination Date Required to Process Refunds

Terminated members of ERS, PSERS, and GDCP who are not entitled to a vested pension benefit can request their refund online! Currently, 70% of all GDCP refunds are initiated online.

Members can only use the online process once their account status has been updated to Inactive. We update this as soon as we receive the termination date from your agency, either with the monthly contributions file or through Ad Hoc Termination Reporting on your Employer Desktop. For the online refund process to function smoothly, it is important that termination dates be entered in your payroll system or on your Employer Desktop as soon as the employee terminates employment.

Using the online tool for refunds benefits members, employers, and the retirement system. When your employees use the online process, you won't have to complete the Employer Certification on the Refund Application or mail the application to us. Also, members with more than \$200 of taxable interest will be able to make a rollover election when they apply online for their refund, rather than completing separate paperwork and delaying receipt of their refund.

If you are not using the Ad Hoc Termination Reporting tool on your Employer Desktop to enter the termination date, please advise terminating employees that it will take approximately two to six weeks for their account to be updated to an Inactive status, at which time they can go online at [www.ers.ga.gov](http://www.ers.ga.gov) to request a refund. If you enter their termination date using the Ad Hoc Termination Reporting tool, they can go online immediately to request their refund.



### retirewise®

In August 2014, ERSGA, in cooperation with MetLife, began offering Retirewise Financial Education Workshops at state employer locations. So far this year, eight agencies have hosted and over 350 employees have attended the Retirewise Workshops. The seminars are presented by MetLife, and cover a range of topics such as: budgeting, financial planning, investment basics, wills, trusts, estate planning, and social security. In addition, the representatives from MetLife and ERSGA cover the state's flexible and retirement benefits. The workshops have been very well-received by employees.

In January, DOAS and ERSGA collaborated on a promotional video as part of DOAS' Fast-Five Video Series entitled *Learn More About Your Retirement Options with the Retirewise Workshop*. The video provides an overview of the workshops and encourages state agencies to schedule Retirewise workshops for their employees. See the video [here](#).

If you are interested in scheduling the workshops for your employees, please contact [Carlton Lenoir](#) at ERSGA.

# Quarterly HCM User Group Meeting – March 17, 2015

Each quarter, statewide users of PeopleSoft HCM meet as a group to discuss topics relevant to the users. At the most recent HCM User Group Meeting on March 17, 2015, ERSGA made presentations on Rehired Retirees and New Hire Data Flow.

The [Rehired Retiree](#) presentation emphasized that with adequate controls and well-planned execution, the rehired retiree practice is a valuable management tool. Other topics covered in the presentation included:

- Rehired Retiree provisions
- 1,040 hour limits
- Exceptions to 1,040 hour limits
- Employer Reporting responsibilities
- Possible risks to the retirement plan
- Steps to improve controls, policy, and practice

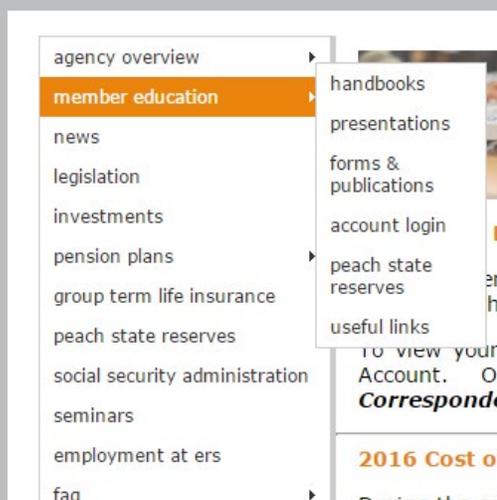
GSEPS is the current retirement plan offered to new members, and now represents over one third of the ERS member population. In light of this, the presentation focused primarily on GSEPS new hires. PeopleSoft users will find the [GSEPS New Hire Data Flow](#) presentation very helpful, as it is a guide to the timing and impact of HR transactions and how they flow to GaBreeze and ERSGA. The topics included:

- Determining plan eligibility and selecting the plan
- Data Drivers for the Pension Plan and Savings Plan pages
- GSEPS New Hire Data Flow - First Three Days
- GSEPS New Hire Data Flow - Mid-month
- GSEPS New Hire Data Flow - Month End
- Employees Rehired within 31 days - GSEPS only
- Employees Rehired after 31 days - GSEPS only

## PSERS Reminder

Your last reporting month for this fiscal year is May 2015. Please ensure that no PSERS deductions are made for June, July, or August. If deductions are made in error, they should not be reported and members should be refunded immediately.

## Member Education



Check out the Member Education links on the left-hand navigation menu on [www.ers.ga.gov](http://www.ers.ga.gov).

We created the Member Education section to make it easier for our members to find educational materials on our website, such as handbooks, presentations, and seminars. Please encourage your employees to take advantage of these helpful tools.

## New Employer Rates Announced

At the Annual Meeting of the Board of Trustees held on April 16, 2015, the Board approved the Fiscal Year 2017 employer rates recommended by the fund actuary. Both the FY 2016 and 2017 rates have been published on [www.ers.ga.gov](http://www.ers.ga.gov) under Employer Forms and Information. A link to the new rates is provided below:

### [FY17-Employer Contribution Rates](#)

One of the critical factors in assessing the health of a retirement plan is consistency of employers making the actuarially determined employer contribution (ADEC). The State of Georgia has an excellent record of making employer contributions each year. ERSGA and our members appreciate your timely reporting and payments each month.

## Target Maturity Bond Fund (TMBF) Changes

The 2015 TMBF will be eliminated from the Peach State Reserves (PSR) fund line-up at the end of June. PSR will continue to offer TMBFs with maturities of 1 year, 2 years, 3 years, 4 years, and 5 years by adding a 2020 TMBF. Participants with a balance in the 2015 TMBF at the end of June will have money from the 2015 TMBF transferred to the 2020 TMBF. A notice will be sent in June alerting plan participants of the change. For more information about the TMBFs, please download the [document](#) from the ERSGA website.

## New 2060 Lifecycle Fund

At the end of June, a 2060 Lifecycle fund will be added to the Peach State Reserves (PSR) fund line-up. The new fund is designed for employees with a targeted retirement date on or after January 1, 2055. Newly eligible Georgia State Employees' Pension and Savings Plan (GSEPS) members automatically enrolled in the PSR 401(k) plan after 6/25/2015 will have funds invested into the appropriate Lifecycle fund based age, using the updated date of birth ranges below:

<b>Lifecycle Fund Options</b>	<b>Members born...</b>
Lifecycle Income Fund	On or before 12/31/1949
Lifecycle 2020 Fund	1/1/1950 - 12/31/1959
Lifecycle 2030 Fund	1/1/1960 - 12/31/1969
Lifecycle 2040 Fund	1/1/1970 - 12/31/1979
Lifecycle 2050 Fund	1/1/1980 - 12/31/1989
Lifecycle 2060 Fund	On or after 1/1/1990

# Updated GSEPS New Hire Communications

*Effective 4/1/2015*

If you haven't already done so, please download the new versions of the [GSEPS Enrollment Information Notice](#) and [GSEPS Automatic Enrollment Acknowledgement Form](#) and include them in New Hire packets for all GSEPS members hired after March 31, 2015.

The updated forms are part of a new communication approach that is being rolled out over the next few months for newly eligible GSEPS members. The new approach:

- Provides more information about how the GSEPS retirement plan is comprised of both a Defined Benefit Pension Plan and a 401(k) Plan
- Discusses the roles ERS and GaBreeze have in plan administration
- Outlines the different communications being sent to newly eligible GSEPS members
- Includes email delivery of the Welcome to GSEPS letter for members with an email address on file with ERS

The table below outlines the communication pieces provided to newly eligible GSEPS members and includes summary of information, delivery method, timing, party responsible for delivery, and targeted live date for each piece.

Title of Communication Piece	Information Included	Method of Delivery	Time of Delivery	Party Responsible for Delivery	Live Date of new Version
<a href="#">GSEPS Enrollment Information Notice</a>	General plan information, Registration steps for GaBreeze, Action items	New hire packet	Time of hire	Hiring Agency's HR	4/1/2015
<a href="#">GSEPS Automatic Enrollment Acknowledgement Form</a>	Member acknowledgement of enrollment	New Hire packet	Time of hire	Hiring Agency's HR	4/1/2015
Peach State Reserves Automatic Enrollment Notice	Specific 401(k) plan information	USPS to home address	Within first week of submission of new hire data	GaBreeze	4/9/2015
GSEPS Welcome Letter	ERSGA account registration information	USPS to home address	Month following date of hire	ERS	5/1/2015
GSEPS Welcome Email	ERSGA account registration information	Email to address on file with GaBreeze	Month following date of hire	ERS	5/1/2015

If you have any questions, please contact Richard Crippen at 404-603-5694 or [richard.crippen@ers.ga.gov](mailto:richard.crippen@ers.ga.gov).

## **Enrolling Short-Term Employees in a Pension Plan**

Summer is approaching and many statewide agencies hire short-term employees for various programs. This is a reminder that there is no age limit for GDCP. Enrollment is required for all eligible employees including those hired at age 60 or older. Unless your new employees meet the statutory exceptions to enrollment in our plans, they must be enrolled in a pension plan.

These exceptions are:

- Students employed by an institution where they are enrolled full-time
- Non-employees, such as board members, trustees, contractors, or leased employees
- Employees covered by other publicly supported retirement or pension plans (TRS, ORP, County Plan, etc.)
- Employees electing discontinuance of membership after obtaining age 65
- Rehired Retirees, unless electing to discontinue pension and resume membership where applicable

