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Eligibility for ERS and GDCP

ERS membership, including Georgia State Employees' Pension and Savings Plan (GSEPS) and Georgia Defined Contribution Plan (GDCP), is based on the rules below.

To become an ERS member, an employee must:

- Be employed in a full-time position with a minimum of thirty-five (35) hours a week for at least nine (9) months a year
- Work for a participating ERS agency or other participating entity
- Be working in the position as the primary occupation

Retaining Membership

Once an employee becomes a member in a position meeting the membership requirements and the members hours are then reduced to less than full-time, such member may continue to participate as long as the member remains in that position.

- These members should be **reported at percentage time**. Percentage time is determined by dividing actual hours worked during a month by the normal full-time hours for the month.
- If a participating member is transferred to a part-time position, that employee **should not be reported to ERS** regardless of the actual hours worked. The employee will become a member of GDCP.

If you have any questions, contact your ERS representative for assistance.

Pension Spiking

Additional Costs to ERS Employers

As you know from previous Employer Newsletters, if any of your employees with ERS membership dates before July 1, 2009 receive an increase in salary in the 12 months preceding retirement, the employer will be responsible for the cost of the additional pension in excess of a 5% increase.

This applies **regardless of the reason for the increase in salary**. Here are some scenarios of an increase in salary resulting in an invoice to the employer for the cost of the additional pension:

- **Promotion:** When an employee receives a promotion with an increase in excess of 5% during the 12 months before retirement, this is considered pension spiking. Even if you limit the increase to 5% or less, but the employee also receives another increase during the 12 months before retirement for a total increase in excess of 5%, it is considered pension spiking.
- **State Mandated Increases:** When an employee receives an increase required for their position, causing an increase in salary in excess of 5% during the 12 months preceding retirement, this is considered pension spiking. Even though you were required to increase the salary by more than 5%, it still results in an increased lifetime retirement benefit to the employee and an invoice to the employer.
- **Temporary Supplement:** When an employee receives a temporary supplement that is pensionable, the temporary supplement is considered when determining the amount of any increase during the 12 months before retirement.

The above are just examples of some of the reasons for pay increases that employers have been surprised result in pension spiking. What you need to keep in mind is **ANY** increase in pensionable pay during the last 12 months before retirement, whether granted as one large increase or as several smaller increases, will result in pension spiking. The reason for the increase doesn't matter, the financial effect on the pension plan is the same, and the cost of the increase in the pension in excess of a 5% increase will be passed along to the employer.

For more information about Pension Spiking, see our [Fall 2016 Employer Newsletter](#), or contact Susan Anderson at susan.anderson@ers.ga.gov or (404) 603-5714.

Employer Contribution Rates

New Employer Contribution Rates will be updated on the [Employer](#) page of our website after the Annual Board Meeting on April 20, 2017. To view past and current contribution rates, please click [here](#).



Employees 60 and Older

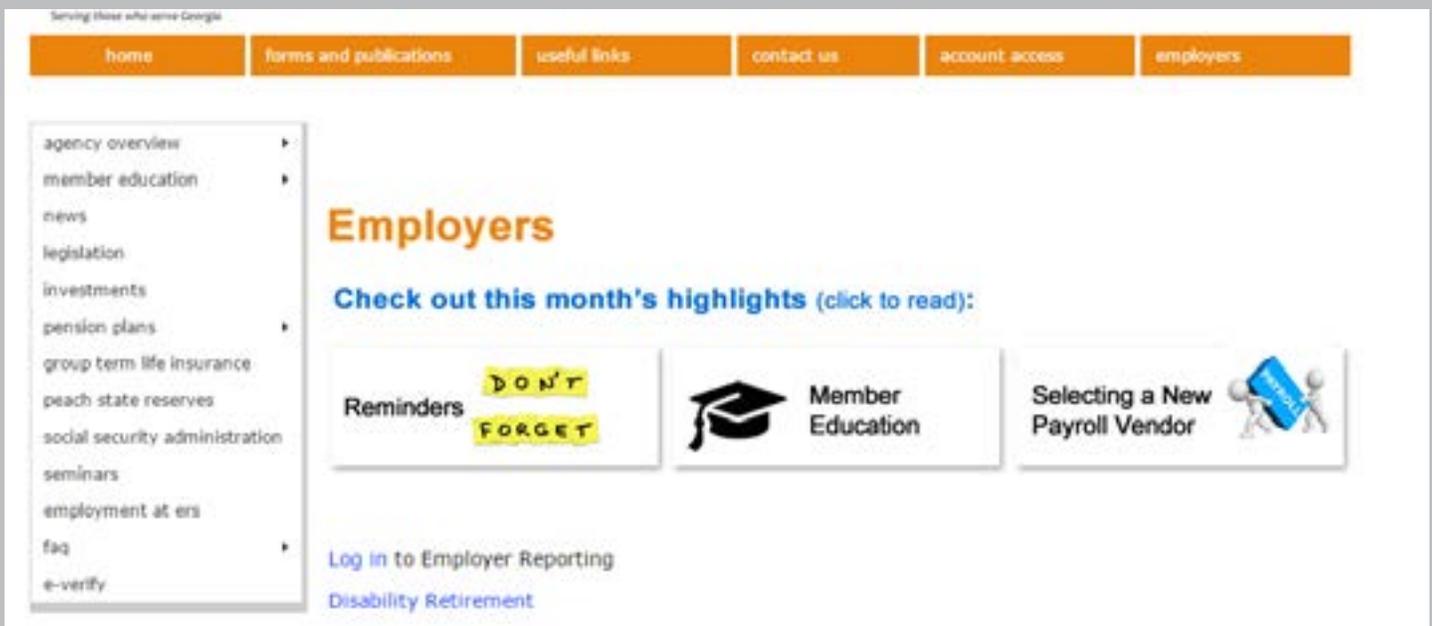
A newly hired employee who is eligible for Employees' Retirement System (ERS) membership and is 60 years of age or older at the time of hire has the option to decline membership in the plan; however, if ERS membership is declined, the employee must be enrolled in Georgia Defined Contribution Plan (GDGP).

GDGP requires a 7.5% member contribution. For most people, the option to join GDGP makes little sense and would not be financially prudent, but if the employee meets the age criteria and would like to enroll in GDGP instead of ERS, the *ERS Declination of Membership* form **must be completed and returned to ERS within 30 days of hire**. Upon receipt of the signed form, ERS will ensure the employee becomes a member of GDGP instead of ERS. Keep in mind, by opting out of ERS membership, the employee is opting out of GSEPS and, therefore, would not be eligible for employer matching contributions in the 401(k) plan.

For employees aged 65 and older who are already ERS members, there is an option to stop ERS employee contributions and stop the accrual of ERS service. Since ERS membership is retained, enrollment in GDGP is not necessary and GSEPS members would still be eligible for matching 401(k) employer contributions. It is important to understand that for this to be an option, the employee must already be an ERS member, which requires the posting of at least one month of ERS contributions. If an existing ERS member over the age of 65 would like to discontinue employee contributions and service accrual, the *ERS Age 65 Election to Discontinue Contributions* form **must be completed and returned to ERS**. *Please note: When an election to discontinue contributions to ERS is made, the employer contributions for the member must still be remitted to ERS; only the employee contributions can be stopped.*

New Employer Banner

The [ERSGA Employer page](#) has a new feature: an Employer Information Banner! The banner is just above the Log In link and will highlight different topics each month. Please take some time to read the articles featured when you visit the website for monthly reporting or at any other time. The articles will empower you with knowledge to accurately report and serve your employees' pension needs.



Forfeited Leave Data

While most of the data we receive on a monthly basis is accurate, we want to remind you of the importance of data integrity. The area with the most inaccurate data is Forfeited Leave. It is critical forfeited leave hours are reported correctly because they are included in retirement calculations.

If the forfeited hours are correct when the benefit is calculated initially, a recalculation will not be necessary; however, if a member's benefit is recalculated due to incorrect reporting of forfeited leave hours, the amount of that payment may be higher or lower.

Such a change may be problematic for the member, especially if the payment is lower or if it turns out there is not enough forfeited leave service to reach retirement eligibility. Also the member may have already made irrevocable decisions based on the incorrect calculation. Please verify and report forfeited leave hours accurately and on a timely basis.

Reminder: Forfeited Leave Processing

1. On the employer desktop, click *Forfeited Leave Certification and Payment*
 - a. If you are a non-statewide employer, you must complete a preliminary certification.
 - b. If you are a statewide agency, a preliminary is automatically completed from the last posted contribution row.
2. All final certifications are available two business days prior to the member's termination date. All certifications are due upon receipt.
3. Invoices are available on the 16th of the month, and payment is due upon receipt.

GASB 68

Accounting and Financial Reporting for Pensions

We are now in our third year of accounting for and reporting pension information under GASB 68. As our employers know by now, GASB 68 requires governmental employers recognize their proportionate share of the collective pension amounts for all benefits provided through our plans. Per GASB 68, these pension amounts include the Net Pension Liability, deferred inflows of resources, deferred outflows of resources, and Pension Expense.

While GASB 68 does not specify which party — plans or employers — is responsible for calculating the pension amounts, the state's GASB 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. This information was captured for all employers who prepare standalone financial statements in individual employer packets and will be sent out in the near future.

Note: Each year employers will be selected by our auditor, KPMG, for attestation that payroll and census data has been accurately and completely reported to the plan for the prior year. Your auditor should be testing your payroll and census data each year as part of your annual audit. If your agency or department has been selected or is selected in the future, please comply by the provided deadline.

As noted above, GASB 68 does not require the pension plans to provide the proportionate pension liability, deferrals, or pension expense for your financial reporting. This is provided to employers at no cost. Therefore, we need all employers' cooperation when selected for the auditor's attestation process. The entire process represents cooperative government at work, and we need your cooperation for successful compliance.

ERS Integrated Statements

ERSGA mailed this year's Integrated Statements to New Plan and GSEPS members who have PSR balances on February 27th and 28th.

The statements include the members ERS pension benefit and Peach State Reserves (PSR) balances combined to estimate the member's monthly retirement income. Members with a PSR balance also have an estimated Social Security benefit included in the estimate. These statements are designed to help members determine what action is needed, if any, to reach their retirement goals.

The statements are also available online. Members who have already registered at ERSGA can view their statement by clicking the *account access* button on the right side of the [ERSGA home page](#). Once logged in, the statement can be found under the Personal Correspondence section of the secure site. Members who have not registered must create an account with ERSGA to see their statement.

Click the links below to see samples of integrated statements:

[Integrated statement suggesting member needs to save more](#)

[Integrated statement suggesting member is on track to meet retirement goal](#)

[Pension only statement for members with no PSR account balance](#)

Financial Literacy Information at GaBreeze

In order to help our state employees plan for a comfortable retirement and improve their overall financial health, GaBreeze offers a variety of financial literacy tutorials on the GaBreeze website.

Employees can see the material by logging in to [GaBreeze](#):

- Select the *Savings & Retirement* tab at the top of the page, then
- Click the *Financial Education* tab
- There will be a drop-down box with a number of different topics. Each of these topics has reading material and related recorded video content.

Examples of materials include:

Financial Basics, where you will find "Creating a Budget" and "Prioritizing Financial Goals". Also, in the *Tools and Calculators* section, there are calculators to help you plan and save for retirement, and many other tools for managing your money, investing, and savings.

Please encourage your employees to take advantage of these valuable resources.

