

# Employees' Retirement System of Georgia GSEPS Overview



# ERS Benefits

Based on your date of hire, ERS pays out benefits based on calculations for three different “plans”.

**ERS**

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graph TD; ERS[ERS] --- OldPlan["The 'Old Plan' - for employees who were hired before 07/01/1982"]; ERS --- NewPlan["The 'New Plan' - for employees who were hired between 07/01/1982 and 12/31/2008"]; ERS --- GSEPS["GSEPS - The Georgia State Employees Pension and Savings Plan for employees hired on or after 01/01/2009"];
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**The “Old Plan” – for employees who were hired before 07/01/1982**

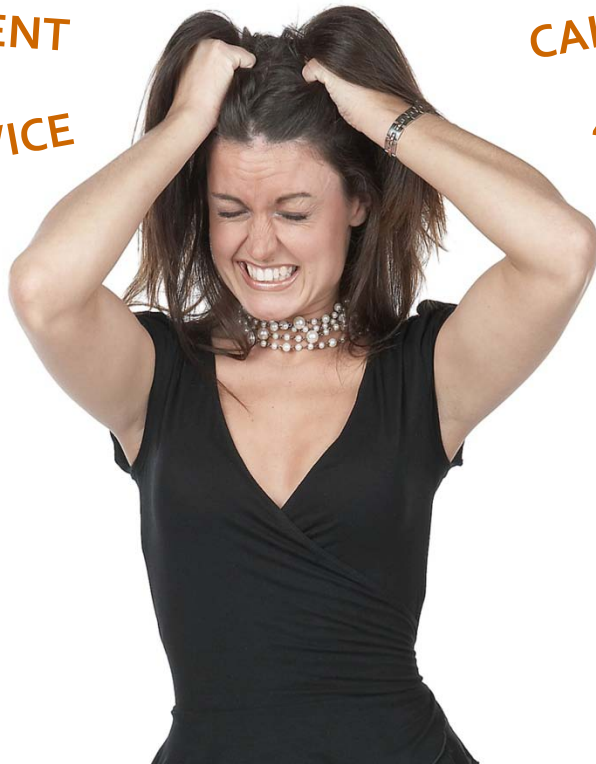
**The “New Plan” – for employees who were hired between 07/01/1982 and 12/31/2008**

**GSEPS – The Georgia State Employees Pension and Savings Plan for employees hired on or after 01/01/2009**

# How Does this Retirement Stuff Work?

EARLY RETIREMENT  
CREDITABLE SERVICE  
DISABILITY

BENEFIT CALCULATIONS  
401(k) MATCHING  
GSEPS



# GSEPS is a Two Part Plan

Under GSEPS you have two components that help you plan for a successful retirement:

1. Your Employees' Retirement System of Georgia membership provides you with a pension in retirement
  - ERS Membership is mandatory for full time regular employees
  - Employee contributions to ERS are a fixed amount
2. Your Peach State Reserves 401(k) contributions will add to any benefit paid to you by ERS during your retirement.
  - Participation in Peach State Reserves is voluntary
  - 401(k) contributions are subject to Employer matching funds
  - If you don't participate, you do not receive any match

# Retirement Vesting

Vesting is the process through which employees earn the right to receive benefits from their retirement plan.

Employees in GSEPS have two different benefits to vest in:

1. The Employees' Retirement System Pension

- Vesting occurs at 10 years of service
- If the employee separates prior to 10 years of service, the employee foregoes the ability to receive a monthly pension annuity.

2. The Peach State Reserves 401(k) with Employer Matching

- Vesting occurs over a 5 year period from hire date
- The employee becomes 20% vested each year in the employer match
- At 5 years the employee is 100% vested in the employer match

# Peach State Reserves 401(k) Benefit





# Peach State Reserves Plan

## Characteristics:

- 401(k) contributions are matched at a rate of 100% on the first 1% of contributions and matched at 50% on contributions 2% - 5%
  - Employee must contribute at least 5% to get maximum match of 3% from the Employer
- The employee assumes the investment risk
- Investment returns are not guaranteed and are subject to the underlying investment(s) performance
- Your benefits are based on your participation in the plan and the performance of the underlying investments you choose
- Benefits are finite. Once eligible, you have the choice to draw all of your benefits out at once, to pay it out over time, or access the funds when it is most convenient for you

# Peach State Reserves Plan

The Peach State Reserves 401(k) Plan is administered through Georgia Breeze

To make any changes to your 401(k) account please contact Georgia Breeze on the web at [www.gabreeze.ga.gov](http://www.gabreeze.ga.gov) or by phone at 1-877-342-7339

**Please log on to Georgia Breeze today to check your contribution rate in the 401(k) to ensure you are getting as much of the employer match as possible**



# Employees' Retirement System of Georgia Pension Benefit



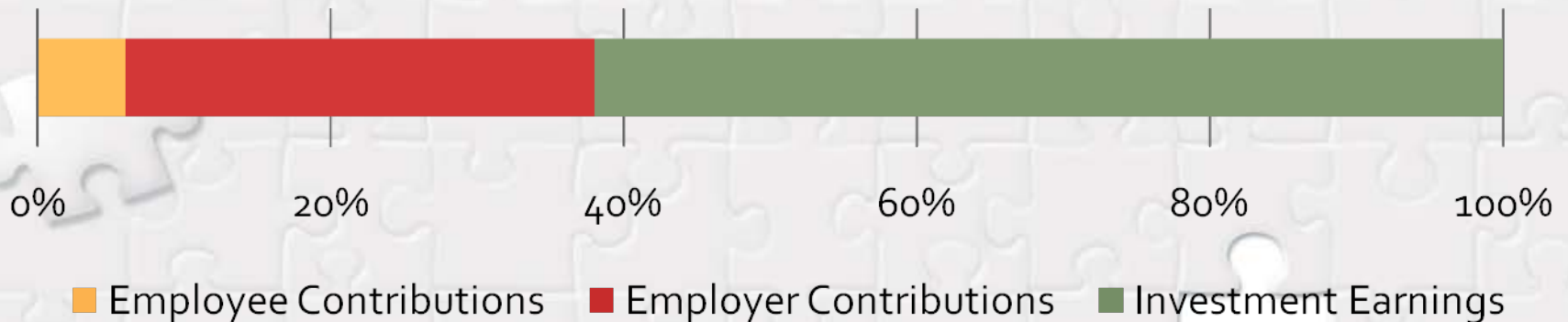
# What Do You Contribute?

As a GSEPS member you are required to contribute:

- 1.25% of pensionable salary per pay period
- Contributions are made on an after-tax basis

How do your pension contributions fund your retirement?

## Historical Pension Funding by Source<sup>\*</sup>



<sup>\*</sup>Actual retirement payments for fiscal year 2012

# Employees' Retirement System Pension Plan

## Characteristics:

- Your benefit is based on a formula rather than contributions
- Benefits are for life; you cannot outlive your income
- The State sets aside funds in a separate trust
- The State assumes investment risk
- Statutory benefit

# Benefit Formula

How ERSGA determines your retirement payment:

$$\begin{array}{c} \text{FORMULA SALARY} \\ \times \\ \text{FACTOR} \\ \times \\ \text{CREDITABLE SERVICE} \end{array}$$

# Benefit Formula

## Definitions:

- Formula Salary
  - Average of 24 highest consecutive months of salary
- Benefit Factor
  - GSEPS benefit factor is 1% for each year of service
- Creditable Service
  - Time for which you get credit - based on time worked, time purchased, forfeited leave, etc...

# Other than Working, What is Considered Creditable Service?

## **Tenure of state employment covered by ERS, plus:**

- Payback of Refunded ERS Membership (prior refunded service)\*
- Teachers' Retirement System of Georgia service\*
- Military\*
- "Air" Time\*
- Temporary Disability/Leave Without Pay\*
- Forfeited Leave\*
- Previous Undocumented Leave\*

\* Additional details can be found in the Creditable Service section of the ERS Handbook at:  
[http://www.ers.ga.gov/Docs/Formsandpubs/ERS\\_Handbook.pdf](http://www.ers.ga.gov/Docs/Formsandpubs/ERS_Handbook.pdf)



# What Will You Get When You Retire?

Benefit calculations based on a benefit formula:

**Formula Salary x Benefit Factor x Years of Service**

- An ERS example\* ...
  - Formula salary of \$3,000.00
  - 30 years of service
  - GSEPS Plan member with benefit factor of 1%
  - \$900.00 monthly retirement benefit - \$10,800.00 annually

\* Hypothetical example; 100% vested

ERS developed this presentation to provide general information about your retirement benefits.  
In the case of any conflict between what is presented here and the laws governing this

# How Do Your Contributions "Add Up"?

- ❖ With 30 years of service and a formula salary of \$3,000.00 per month, your contributions to the retirement system and the interest accrued on your contributions would equal roughly \$12,500.
- ❖ If you are paid a monthly benefit of \$900.00 by the retirement system, you will pay yourself back all of the contributions and interest you made to the retirement system within 14 months, but you continue to receive your monthly benefit for life.

\*Formula salary is equal to the highest average 24 consecutive months of earnings

ERS developed this presentation to provide general information about your retirement benefits. In the case of any conflict between what is presented

# Example of Pension Benefit Calculation

## ASSUMPTIONS:

- \$3,000.00 Formula Salary
- Total creditable service of 30 years

### GSEPS Plan Formula

\$ 3,000 (formula salary)

X .01 (benefit factor)

X 30 (years of service)

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**\$ 900.00 (monthly benefit)**

A 30% pension benefit is not expected to sustain you for your entire retirement, it is designed to be used along with other sources of retirement income to help you plan for a successful retirement.

# How Your ERS Pension Fits in to Your Plan for Retirement

## Your Retirement Goal: Replace between 70% and 100% of your working income with retirement savings

- With 30 years of service ERS will replace 30% of your working income
- Social Security *may* pay another 25% to 30% of income replacement
- Best case scenario *with* Social Security and ERS – you replace 55% to 60% of your working income
- So it is *critical* for employees in GSEPS to take advantage of the 401(k) plan
- Use the online tools to determine a savings rate that works for you

# Qualifying for Pension Benefits

Service Retirement

Disability Retirement

Death in Service

# Service Retirement

You can begin drawing service retirement income when you reach one of the following:

## Normal Retirement

- Age 60 with 10 or more years service
- 30 years of creditable service at any age

Or

## Early Retirement

- Minimum of 25 years of service with a 7% reduction in benefit for every year less than 30 years of service or every year less than age 60, whichever is less



# GSEPS Disability Retirement

- Eligibility for disability benefits do not begin until the employee has at least 15 years of service
- A regular retirement benefit calculation will apply for approved disability retirement applicants
- Once approved, the benefit is paid for life
- For Employees with under 15 years of service, a refund of ERS contributions and interest applies

# Disability Retirement

- **Who is eligible to apply?**

- Must have at least 15 years of creditable service
- Must be employed on date application received by ERS
- Once application filed, **MUST** go on paid leave or leave without pay

Filing an application does not guarantee an approval.

# Disability Retirement

## What constitutes a Disability?

When Medical Board certifies to the Board of Trustees the following:

- Medically or physically incapable of further performance of duties in:
  - Position held at time disability originated
  - An alternative position offered by employer
- Incapacity is likely to be permanent, and
- Employee should be retired.

# GSEPS Death-in-Service Retirement

- Eligibility for a monthly death-in-service benefit does not begin until the employee has at least 15 years of service.
- Beneficiary is due a lifetime payment.
- Benefits are calculated on the deceased employee's creditable service, formula salary, and beneficiary's age.

# Designating Beneficiaries

- Access your account online at [www.ers.ga.gov](http://www.ers.ga.gov) via the “Account Access” tab at the top of the webpage to calculate benefits.
- Designate and change ERS retirement beneficiaries online.
- An estate, trust, or organization is not eligible for a monthly retirement benefit. You must name a person.
- You may name *more than one* beneficiary for both primary and for secondary beneficiaries
- Beneficiary designations for your ERS benefit are for your ERS benefit only. You must contact Georgia Breeze to designate your 401(k) beneficiary.

## Getting Pension Estimates

You may create pension estimates online by through accessing your account.

To ensure dollar figures that will closely represent your actual pension benefits, please call ERS to have an official estimate run once you are within 6 months of your retirement date.

The phone number for ERS is 404-350-6300



# Action Items

- Follow up with GaBreeze to:
  - Maximize your 401(k) contribution rate
  - Designate beneficiaries for your 401(k) plan
  - Use the online tools to get on track for preparing for retirement
  - [www.gabreeze.ga.gov](http://www.gabreeze.ga.gov) or call 1-877-342-7339
- Follow up with the Employees' Retirement System to:
  - Designate beneficiaries for your ERS Pension
  - Register for account access at [www.ers.ga.gov](http://www.ers.ga.gov) or call 404-350-6300

# Useful Links

## ERS Handbook:

- [http://www.ers.ga.gov/Docs/Formsandpubs/ERS\\_Handbook.pdf](http://www.ers.ga.gov/Docs/Formsandpubs/ERS_Handbook.pdf)

## GSEPS Information:

- <http://www.ers.ga.gov/plans/ers/gseps/gsepsmain.html>

## New Hire Orientation:

- <http://www.ers.ga.gov/seminars/GSEPS%20Web%20Orientation/NHO%202014,%20AFA%20Update.html>

## ERS account Access:

- <https://secure.ers.ga.gov/>

## Ga Breeze website:

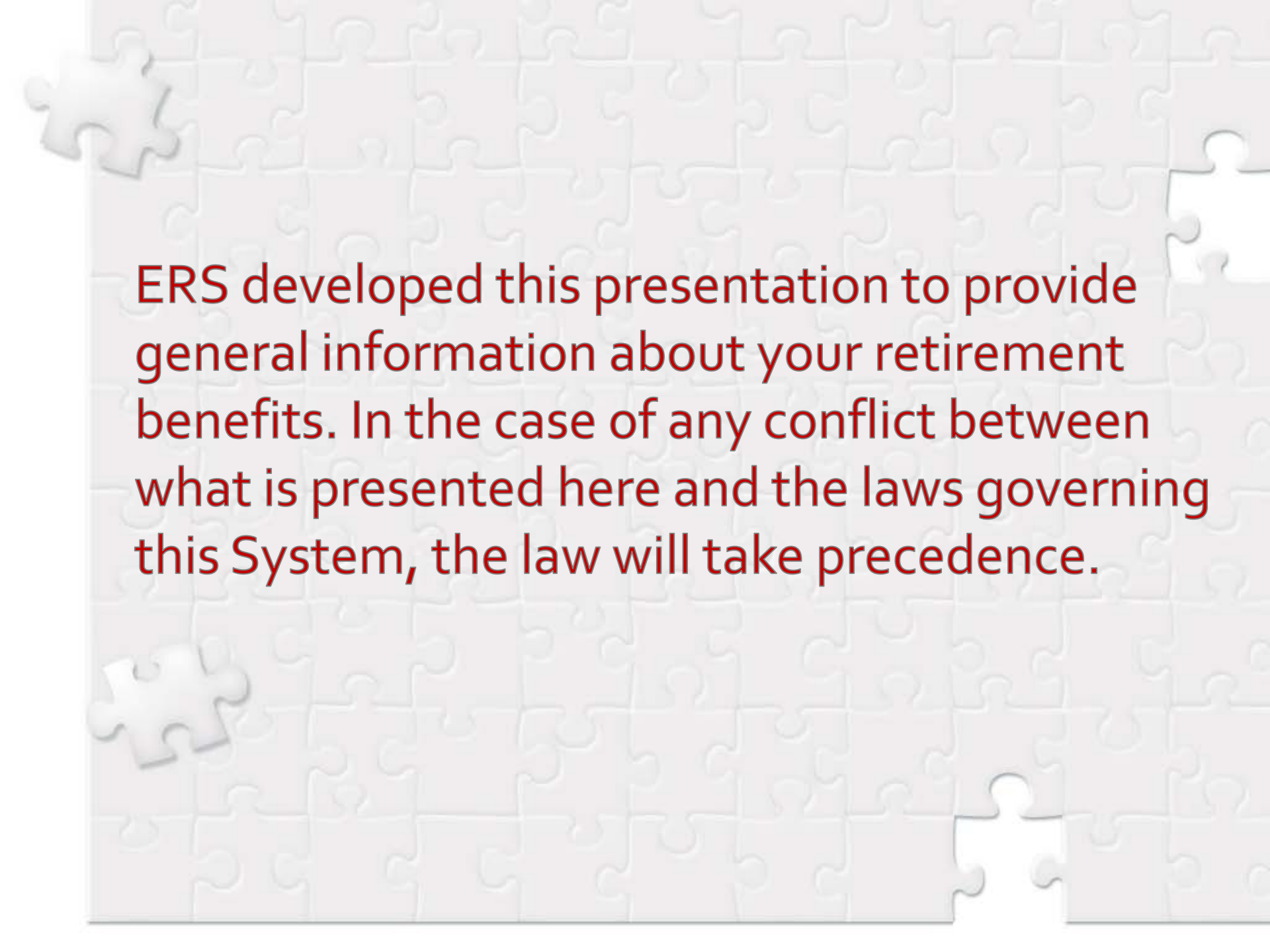
- [www.gabreeze.ga.gov](http://www.gabreeze.ga.gov)

## ERS Peach State Reserves Resources:

- <http://www.ers.ga.gov/plans/psr/psrmain.html>



*Thank You!*

The background of the slide is a light gray grid of interlocking puzzle pieces. Several pieces are missing, creating white gaps. Specifically, there is a missing piece in the top-left corner, another in the bottom-left corner, and a larger missing section in the bottom-right corner. The text is centered in the middle of the grid.

ERS developed this presentation to provide general information about your retirement benefits. In the case of any conflict between what is presented here and the laws governing this System, the law will take precedence.