

# Georgia Defined Contribution Plan (GDCCP) Plan Guide



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This Handbook summarizes the main provisions of laws that provide benefits to certain State of Georgia employees under the Georgia Defined Contribution Plan (GDCP). Unless otherwise specifically indicated, the Handbook describes these laws as in effect on July 1, 2016.

It is important to remember that this Handbook is only a summary of the law, and therefore provides only general information. A summary cannot address every possible set of circumstances. Also, from time to time, the laws will be amended, and while we make every effort to update this Handbook in a timely fashion, there may be a period of time during which the Handbook does not reflect recent changes in the law. If something is not covered in detail in this summary, or if this summary can be read to be inconsistent with the governing laws, the law will control.

**It is important that you read the entire handbook. Reading only portions can be confusing and misleading.**



### *About The Benefits Described in this Handbook*

The Georgia Defined Contribution Plan (GDCP) was established effective July 1, 1992, as provided by laws enacted through the Georgia General Assembly.

The purpose of this plan is to provide a retirement system for temporary, seasonal, and part-time employees of the State of Georgia who are not eligible for membership in the Employees' Retirement System (ERS) or the Teachers Retirement System (TRS) or any other retirement system under Title 47, Georgia Laws.

Laws governing the GDCP provide for retirement or refunds of contributions and interest to members who leave state employment or to the member's beneficiaries in the event of the member's death. Employee Contributions are paid into the retirement fund for the welfare of members and their beneficiaries. All benefits are paid from this fund.

The Employees' Retirement System (ERS) Board of Trustees is responsible for the administration of the GDCP. Daily operations are under the direct administration of the Employees' Retirement System of Georgia (ERSGA) Executive Director and staff. For more information about the Board of Trustees, please visit the ERSGA website.

## Online Tools

ERSGA maintains a website at <http://www.ers.ga.gov>. Through this website, you can:

- Access your personal account information
- Designate a beneficiary
- Request a refund of contributions and interest if you are no longer actively employed
- Obtain information about legislation under consideration by the Georgia General Assembly
- Link to other websites

General inquiries about the GDCP can be emailed to: [contact@ers.ga.gov](mailto:contact@ers.ga.gov).

## Contacting ERSGA

### Mailing Address:

Employees' Retirement System of Georgia  
Two Northside 75, Suite 300  
Atlanta, GA 30318

### Phone:

General Number: (404) 350-6300  
Toll free: 1-800-805-4609 (outside metro Atlanta area)  
Fax: (404) 350-6310

Hours of Operation: 8:00 am to 4:30 pm ET

**Other retirement systems included under the authority of ERSGA are:**

- Employees' Retirement System (ERS)
- Public School Employees Retirement System (PSERS)
- Legislative Retirement System (LRS)
- Georgia Judicial Retirement System (GJRS)
- Georgia Military Pension Fund (GMPF)

**ERSGA also administers:**

- Group Term Life Insurance (GTLI) program
- Peach State Reserves program (PSR) — the state's 457 and 401(k) Plans

**Information about these plans can be found on our website.**

### *Eligibility for Membership*

Generally, membership in the GDCP is a condition of employment for any person employed on a temporary, seasonal or part-time basis by:

- departments, bureaus, institutions, boards, or commissions of the State of Georgia
- the State Board of Education
- the Board of Regents of the University System of Georgia

Employees become GDCP Members on the first day of their employment in an eligible position.

### **Exceptions**

The following individuals are excluded from membership in the plan:

- employees working for an institution who are regularly enrolled and attending classes at that institution and who meet IRS student exclusion criteria
- employees qualified as bona fide independent contractors
- employees who are active or retired Members of any public retirement system created under Title 47 of the Georgia Laws.
- employees of the following Boards of Health:

- Athens Clarke County Board of Health
- Berrien County Board of Health
- Brooks County Board of Health
- Colquitt County Board of Health
- Crisp County Board of Health
- Dougherty County Board of Health
- Harris County Board of Health
- Macon-Bibb County Joint Board of Health
- Thomas County Board of Health

The benefits paid by the plan are funded through Employee Contributions. This section of the Handbook describes the contributions made by each participating Member.

### *Employee Contributions*

Members are required to contribute seven and one-half percent (7 1/2%) of gross salary to the plan through payroll deduction. The member contribution amount may not be increased or decreased.

### *Employee Contribution Account*

Each month, the Member's Employee Contribution Account is credited with the amount of the Employee Contributions deducted that month, plus Interest.

Interest is credited monthly at the rate determined by the Board of Trustees each year and is based on the Employee Contribution Account balance at the end of the previous month.

As of July 2016, the annual rate of interest credited to the Employee Contribution Account is 0.5%. This rate is determined by the Board of Trustees and could be changed at any time.

### *Employer Contributions*

The Employer does not make contributions to the plan.

### *Military Service*

The Uniformed Services Employment and Reemployment Rights Act (USERRA) provides you with certain rights regarding your employment and retirement benefits if you perform qualified military service. If you return to employment after a military leave, you may choose to pay the contributions missed for your period of leave provided:

- You apply with the GDCP in writing to pay the contributions.
- You pay the applicable Employee Contributions for the period of service (these Contributions must be paid within a period up to the lesser of three times the length of your military service or five years).





A Member under the GDCP is always 100% vested in your Employee Contribution Account, meaning that you have a nonforfeitable right to the value of your account.

### *Refund of Employee Contribution Account*

At termination of employment, you are eligible for a full refund of your Employee Contribution Account. If you take a refund of your Employee Contribution Account, you forfeit all future benefits attributable to those contributions.

You can apply online for a refund of your Employee Contribution Account. Use Account Access and follow the link for a Refund Request.

Your contributions to the plan are made on an after-tax basis and generally are not taxable when paid to you. However, the interest in your account is taxable at the time of distribution unless you elect a rollover. The Plan Administrator is required to withhold federal tax equal to 20% of the taxable amount paid directly to you. If you are under age 59-1/2, an additional 10% is required to be withheld. Depending on your tax bracket, you may owe more or less on this money when you file your taxes. You may request withholding of Georgia state income tax, but none will be automatically withheld.

If the taxable portion of your Employee Contribution Account is greater than \$200, you may choose to roll it over to another eligible retirement plan or a traditional IRA. Rollovers are not subject to taxation until you take a disbursement from the retirement plan or traditional IRA.

If the after-tax portion of your Employee Contribution Account is greater than \$200, you may choose to transfer it to a Roth IRA rather than as a payment directly to you. Please consult your financial advisor for more information on Roth IRAs.

### *Retirement*

If you do not request a refund of your Employee Contribution account, you may receive your GDCP benefit in the form of periodic payments based on the mortality tables adopted by the Board of Trustees provided all of the following requirements are met:

- You are no longer employed by an employer covered by this plan.
- You are at least age 65.
- Your Employee Contribution Account balance is at least \$50,000.

Contact ERSGA for more information about receiving a retirement benefit.

### *Required Minimum Distribution*

If you have terminated employment and do not receive a refund of your Employee Contribution Account prior to attaining age 70 1/2, you will be required to commence your benefit at that time.



If you withdraw your contributions and interest at any time, there will be no further benefits payable from this plan.



### *Death While Actively Employed Or Prior To Refund Of Employee Contribution Account*

If at the time of your death you have not received a refund and are not receiving periodic payments, the plan provides for payment of the balance of your Employee Contribution Account to your designated beneficiary(ies). If you have not designated a beneficiary, or if your designated beneficiary(ies) predeceases you, the refund of your Employee Contribution Account is payable to your Estate.

### *Death While Receiving Periodic Payments*

If you are receiving periodic payments at the time of your death and the full value of your Employee Contribution Account has not been paid, any remaining funds will be paid in one lump sum to your beneficiary. If you have not designated a beneficiary, or if your designated beneficiary(ies) predeceases you, the payment will be made to your Estate.

### *Protection of Benefits*

Your benefits from the GDCP are not subject to execution, garnishment, attachment, writ of sequestration, or any other process or claim, except with regard to an IRS levy, court-ordered child support, or court-ordered sanctions due to conviction of certain criminal acts. Your benefits are not assignable even with a Domestic Relations Order (DRO).

### *Correcting a Benefit Error*

The Board of Trustees of ERS is in charge of all records of the retirement system. If you receive more or less than the benefit to which you are entitled due to an error, the error will be corrected upon discovery and your benefit will be adjusted accordingly. With errors, there is a potential for underpayments or overpayments. Underpayments will be made to you as soon as possible. For any overpayments, your repayment is required and repayment options will be discussed with you.

### *Deductions*

Your GDCP retirement benefit is generally not assignable. This means that only limited deductions may be made from your retirement check, such as:

- Federal income tax
- Georgia state income tax

### *Taxes*

Employee Contributions made by a Member are generally contributed to the GDCP on an after-tax basis so are non-taxable, but interest paid on the contributions is taxable.

### **Periodic Payments**

If you are receiving periodic payments from the plan, the portion of the retirement benefits which are attributable to your after-tax Employee Contributions is determined on a pro-rated basis using tables found in the Internal Revenue Code to provide a partial tax exemption each calendar year.

When the Employee Contributions are exhausted, the total benefit check is taxable. Each year a 1099-R is issued to identify taxable retirement benefits when filing for income taxes.

Withholding forms (W-4P for federal and G-4P for Georgia state taxes) are included in the retirement packet. Retirees can change their tax withholding and direct deposit elections at any time either online at the ERSGA website or by contacting ERSGA.

### **Refund of Contributions**

Interest accrued on contributions in your account is taxable. Information regarding the deferral of taxation on your refund is available on the ERSGA website under [Forms and Publications](#).

### *Limitations on Benefits*

Section 415 of the Internal Revenue Code limits the amount of benefits you can receive from the GDCP. You will be notified if the benefit you would otherwise be eligible to receive under the GDCP exceeds the limit.

### *Re-employment after Commencement of Retirement Benefits*

If you return to employment for the state, even as an independent contractor, while you are receiving retirement benefits from GDCP, your benefits will be suspended if you work over **1,040** hours during any **calendar year**.

### *Re-employment before Receiving a Refund of your Employee Contribution Account*

When you terminate employment and leave your Employee Contribution Account with GDCP, you retain your membership rights under the GDCP. In the event you once again become an Employee, you will resume contributing to the GDCP immediately.

### *Re-employment after Receiving a Refund of your Employee Contribution Account*

If you received a full refund of your Employee Contribution Account when you terminated your GDCP covered employment, you may return to employment and resume your membership in the plan immediately. Plan rights and contributions will be effective as of date of your return.