

ERS Does Not Consider Granting COLA, but Approves Two Non-Accruing Supplemental Payments

On April 15th, 2021, the Board of Trustees of the Employees' Retirement System of Georgia (ERS) held its 2021 Annual Meeting. GSRA representatives attended the virtual meeting in order to hear firsthand the meeting's presentations and any deliberations by the Board.

The Annual Meeting is the most important meeting that the ERS Board of Trustees' conducts each year. In addition to hearing from Jim Potvin, ERS Executive Director, and from the Board's actuary, the Board of Trustees vote on whether to award or not award a post benefit adjustment to qualified retired state employees.

There was a plethora of good news in both Mr. Potvin's report and the actuary's report. It should be noted that Mr. Potvin's report is more current than the actuary's report. The actuary's report is based on FY'20 and not the current fiscal year '21.

According to Mr. Potvin, the ERS Fund, as of April 14th, is in excess of 16 billion dollars, an increase of over 2.5 billion dollars since June 30, 2020. This is a significant milestone for the fund. The return on investment (ROI) is at a robust 25.5% for FY'21. Since the ERS Board has set a long term ROI assumption of 7.3%, the current ROI is over 3 times higher than anticipated by the ERS.

Some of the other facts derived from Mr. Potvin's report are:

1. The increase of the number of new retirees year over year appears to be trending downward. There are currently about 54,000 retirees. He expects the total number of retirees in future years to eventually level off at slightly under 60,000.
2. The number of active state employees year over year is trending downward. There are somewhere around 56,000 or slightly less current state employees.
3. The adverse impact of Covid19 on retired state employees is very real, as evidenced by the fact that the number of deceased ERS members in FY'21,

with two plus months to go, is higher than any year in the past five years.

4. All employers have made their required Actuarially Determined Employer Contribution (ADEC) payments on time and in full. Mr. Potvin had expressed concern last year that the pandemic might create some delays in the ADEC payments by state agencies. Fortunately, this concern never materialized.

While the actuary's report is not as up to date as Mr. Potvin's report, it does provide a good contrast with the current conditions outlined in Mr. Potvin's report. It also contains important data that is used to determine the overall health of the ERS.

For example, the actuary reported that some of the assumptions used to determine the ADEC, the unfunded liability, and the funding ratio, have been updated. Some of the assumptions updated were the mortality rate, and the assumed ROI.

The mortality rate was adjusted since people are expected to be living longer in the future (and therefore results in an increase in pension benefits paid out) the foreseeable future. With the actual rate of return (ROI) failing to exceed the assumed ROI of 7.3% for FY20, the assumed rate of return for FY 21 will continue to be 7.3%. With the robust ROI of about 25% this year, it was expected that the assumed ROI for FY 22 will be decreased to 7.2%. The board's goal has been to annually lower the assumed ROI by 0.1% until a floor of 7.0% is reached. The continued lowering of the assumed ROI are largely responsible for an increase in the unfunded liability and therefore a decrease in the funding ratio from 75.6% to 73.8%. According to the actuary, the funding ratio is not expected to increase in the foreseeable future.

The actuary did note that he was looking forward to next year's report, which will be based on FY'21 and is expected to be a much more positive report.

In spite of all of the positive news reported, as well as the fact that state revenue collections have remained higher than anticipated and the state is scheduled to receive approximately 4.7 billion dollars from the federal government, the ERS Board of Trustees did not consider, discuss or vote on either of two measures advocated for by GSRA. The board did not instruct the actuary to include in its FY 22 ADEC projection (when the huge pension fund gain will be reflected in the actuary's report) the cost of a COLA, nor did it vote to award a COLA for FY 21. Instead they voted to award two one-time non-accruing supplemental payments to all qualified retired state employees. Each supplemental payment will be 3% of the retiree's yearly pension benefit up to \$30,000, or a maximum of \$900. The first supplemental check will be payable to those who receive a pension benefit on July 1,

2021 and the second supplemental check will be payable to those who receive a pension benefit on January 1, 2022. However, since ERS retirees receive their checks at the end of the month, it is likely that the checks will be delivered sometime in early August, 2021 and early February 2022. Retirees under the Georgia State Employees' Pension & Savings Plan (GSEPS) are not eligible by statute to receive a post benefit adjustment and, therefore, are excluded from receiving these one-time supplemental payments from the ERS.

There was no discussion of the motion by the ERS Board of Trustees before they unanimously voted to approve the supplemental payments. The ERS Board also did not make any statements or comments after the vote was taken, and the meeting was adjourned immediately after the vote.

GSRA Meets with Governor Kemp

On April 28, four GSRA representatives were escorted into Governor Kemp's office for what we thought was a meeting with staff members to discuss our HB 173. Instead, we were greeted by the Governor himself, as well as two key staff, and we began an earnest discussion of how we could work together to achieve our well-deserved and needed COLA for state retirees. GSRA attendees were President Jim Sommerville, President-elect Beverly Littlefield, Legislative Committee Chair Chuck Freedman, and Legislative Liaison Chuck Clay. Also attending were the Governor's Executive Counsel David Dove and his policy advisor for retirement systems, Blake Raulerson.

HB 173 is the very important bill that provides an avenue for GSRA to submit candidates for consideration by the Board of Trustees of the Employees Retirement System when they are filling certain board position vacancies. We thought HB 173 was the purpose of the meeting based on Mr. Raulerson's invitation to us for the meeting, and it did eventually get discussed once we raised the subject at the end of the meeting.

This was the first time that the Governor's Office has *initiated* a request for a meeting with GSRA representatives. So this is another sign of GSRA's increased visibility,

influence, and respect among the leaders of state government.



GSRA Pres-Elect Beverly Littlefield, GSRA Pres. Jim Sommerfield, Gov. Brian Kemp, GSRA Legislative Comm. Chair Chuck Freedman, and GSRA Legislative Liaison Chuck Clay

We had a very productive meeting with Governor Kemp, in which we discussed at length the issue of COLAs. It was a very frank and open discussion. Governor Kemp asked that we send him our proposals on restoring COLAs in a financially sound manner. He indicated that he would have the Office of Planning and Budget (OPB) evaluate our proposals. We are very pleased that he is willing to commit the resources of OPB to examine the options for COLA restoration.

Raulerson indicated that he would set up a meeting this summer with his office, OPB, and GSRA to discuss COLAs. This is an important development in that we will be able to

provide input during the period when the Governor's Office is beginning to prepare the proposed budget for FY'23.

So, although this is far from reaching a solution to our issue, we wanted to share the events of the day with our members, to keep you apprised of the promising conversation we had with the Governor and his staff. Stay tuned!



Jim's View: No Insight into ERS Board Decision

As you probably know by now, the Employees' Retirement System (ERS) Board of Trustees voted at their April meeting to grant two non-accruing one time supplemental payments of 3% of the retiree's pension benefit up to \$30,000 or a maximum of \$900. While the supplemental payments are appreciated by and beneficial to retired state employees, we are disappointed that the Board has again failed to stop the continuing decline in the purchasing power of our pensions by restoring the annual 3% cost of living adjustments (COLAs).

What really makes this year's Board decision hard to accept is that the economic picture is the best it has been since the late 1990s. The ERS Fund is at an all-time high, with a return on investment of over 25% in the current fiscal year. Every negative sign that was used to justify their 2020 vote not to grant any type of post-retirement benefit has turned into a positive in 2021. All of the economic forecasters that I have read expect the US and Georgia economies to explode in later 2021 and throughout 2022. So I am frankly baffled by the Board's decision to grant one time payments rather than a COLA. We do not know the reasoning behind the decision the ERS Board made at their meeting. They had very little discussion about any of the agenda items. We only know that they did not discuss, consider, or vote on the issue of restoring the COLAs during their meeting. When they considered the motion to grant the one time "bonus" checks, there was no discussion or statements made by any of the board members, including those members of the Board who are vested in the retirement system (and are supposed to represent our interests), before or after their vote.

So, we are left with no input into decisions made by the Board that impacts our ability to maintain a livable standard of living. GSRA has worked hard to address the lack of retirees' input into who gets appointed to the ERS Board. This last legislative session, we were successful in having a bill passed by both houses that will allow GSRA to provide a list of potential board members for consideration by the Board when a non-governor appointed position becomes vacant.

The bill is on the Governor's desk. On April 15, we requested members on Facebook and on our website to write the Governor requesting him to sign HB 173. You received an Action Watch two weeks ago, or may have seen our Facebook page, where we suggested that you email the Governor, along with instructions for how to do this (it has to be done through the Governor's web page). If you have not yet written the Governor, please visit any of our communications for instructions, and send him the message.

In closing, I want to assure you that while we are as disappointed as you are that the ERS Board did not grant a COLA this year, we are not giving up on our fight to have the COLAs restored. However, with 2022 being an election year, GSRA is developing a more focused strategy to take advantage of the upcoming election season. We will, therefore, be re-concentrating our efforts on the ERS Board, the Governor's Office, and legislators, and we envision involving GSRA members more in these efforts.

Thank you for your continuing support of GSRA. We will work hard to continue to earn your support.

Jim

Membership Drive Update – 72 New Members in Four Weeks



In last month's Newsletter we informed you of our latest membership drive, offering two years membership for the price of a year's membership of \$20.00. So far 72 people, at the time this article was written, have taken advantage of this offer. The offer is good for all new members joining for the remainder of this calendar year or December 31, 2021.

We are looking for new members from four major areas:

1. Former GSRA members whose membership expired before August 31, 2020, who are listed as inactive on our rolls, that we want to encourage to rejoin (if they themselves have not expired). Keeping or bringing back old members is important to the life of the organization
2. Having access to the Employees' Retirement System's list of retirees who have indicated that they want to receive info from GSRA. We will offer these potential new members the added incentive of buy one year membership, get their second year free.
3. We wish to extend our 2 years membership for 1 year's price to members of Georgia Professional Human Services Association (GPHSA) members. We have gotten permission from GPHSA to submit a letter through them to their members making this offer to join our association also. As I'm sure you know GPHSA has been a collaborative partner of GSRA, representing active and retired state employees, for years.
4. Finally, we are offering all our current members the opportunity to "gift" a membership to someone you know who is eligible to join GSRA, whether already retired or still in active employment. When you send in the membership application on their behalf, with your \$20.00, we'll notify them and acknowledge your gift, as a current GSRA member, of the complimentary two-year membership.

We have reached out to individuals in #s 1 and 2 above. That's where the bulk of the 72 new members have come. Contact will soon be made with GPHSA members in category #3 above, inviting them to join our organization. New GSRA Brochures have been printed, with distribution to local chapters already begun. Once all chapters have received the new brochures, we urge the local chapter officers to meet with their members, distribute the new brochures, and expand local efforts to grow our membership. Members are asked to contact old friends who have retired and also active employees in state jobs and ask them to join us. New members may also join on line at www.myGSRA.com and the GSRA Membership Brochure and Application may be printed out online.

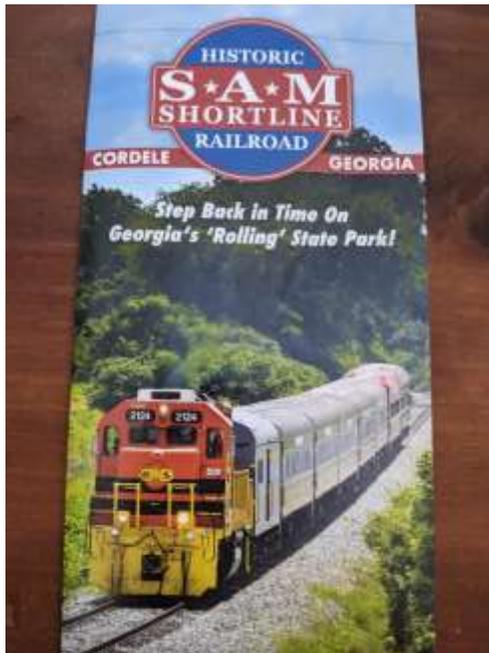
As you know we have been awarded another one-time adjustment this July 2021 and January 2022, and we have legislation that passed and is awaiting the Governor's signature to allow input for ERS Board members that are ERS retirees and represent us on the board. GSRA feels that if our numbers were higher we would have had greater success and might have received a COLA adjustment this year instead of the two one-time adjustments.

Let's grow our membership and find out!

GSRA Annual Meeting Update



ALL ABOARD! The Train is About to Leave the Station!



GSRA's Annual Meeting, to take place at Lake Blackshear Resort in Veterans Memorial State Park outside Cordele, Georgia on October 4 and 5, 2021, is beginning to take shape. The meeting with the theme of *A Celebration of Life, Friendship and a Return to our Mission* is being finalized. Here's how the meeting will unfold.

Sunday, October 3, 2021 participants may arrive and check in to the resort. A special check-in area for all GSRA attendees will be set up in the Conference Center just past the lodge. Signs for GSRA will mark the way from the park entrances to the check-in area. There you will register for your room and the annual meeting. You will receive your packet of information, program agenda, and nametag which will detail activities for the 2 day event beginning the next day. Dinner is on your own. Enjoy the surroundings of the lake, the park, and the marina, play golf if you like. Enjoy the Cypress Grill or Cordelia's Restaurant and 88's Lakeside Bar at the Resorts Conference Center!

Monday morning will start with breakfast on your own from 6:30 a.m. until 8:00 a.m. Registration for those arriving on Monday will continue @ the Conference Center for rooms and the annual meeting until 10:00 a.m. At 10:00 a.m. all attendees to ride the train will drive to the train station by the north entrance to the start park, park their vehicle and board the train at 10:15 a.m. Registration badges must be worn to board the train.

Lunch will be served on the train at attendees own expense. A variety of options for your selection are available in the dining car.

The train will depart at 11:00 a.m. for Jimmy Carter's Boyhood farm in Archery, GA, west of Plains, GA where the Annual Meeting program will begin with an invocation and welcoming address at approximately 12:45 p.m. Former President and Governor Jimmy Carter has been asked to attend to do the honors of the invocation and welcoming address. Governor Carter has been considered by some to be the father of Georgia's modern state government though it has continued to change through the years. Hopefully, his schedule and continued good health will allow him to attend and participate.

His resiliency and desire to improve the lives of others through his work after leaving public office will inspire us to continue our efforts for state employees, state retirees and the citizens of Georgia.

Following the opening session the train will leave Archery and return to Plains for a stop to allow attendees to visit and shop. The layover will last approximately one hour. When you hear the train whistle you have ten minutes to re-board the train.

Finally, the train will return to the Train Station at the park in time for attendees to disembark, return to their cars for the ride back to their rooms to get ready for the reception at the Resorts Cypress Grill at the Marina.

The second day will track previous annual meetings with breakfast on your own beginning about 6:30 a.m. An opening session will start at 9:00 a.m. for 15 minutes for housekeeping items and to give instructions where the workshops will be located. Workshops will begin at 9:30 a.m. to 11:30 a.m. with a 15 minute break at the direction of the workshop instructor. We'll then reconvene at 11:45 a.m. in the main ballroom for any announcements and the blessing. Tables will then be released to allow attendees to serve their plates at two double-sides serving lines at noon.

The afternoon session will consist of speakers from ERS, and DCH

regarding our retirement and health insurance issues. We'll also have a brief report on legislative activities and future legislative issues.

The business meeting will follow a short break at 3:00 p.m. with the election of officers for the coming year, the minutes of the last Annual Meeting, the treasurer's report and a report from President James Sommerville. Drawings for door prizes will follow the business meeting with some prizes being offered before and after each part of the program agenda.

All in all it should be an excellent annual meeting!

Annual Meeting Planning Committee





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APCU partners with Members Wealth Management, a financial services program, to help our members with financial planning, investments, insurance, as well as retirement and estate planning strategies.

APCU has invited Shweta Ramani, a Managing Associate with Members Wealth Management, to offer a great workshop, "Money Talk 101", at GSRA. This seminar is designed to facilitate conversations around financial milestones for retirees.

Topics will include:

- ★ The importance of setting financial goals
- ★ Understanding your current financial position
- ★ Preparing for a successful retirement
- ★ Income tax considerations
- ★ What your loved ones need to know



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