

## ERS BOARD SAYS NO TO COLAs

In an unprecedented move, the ERS Board of Trustees awarded **NO July Cost of Living Adjustment** for retirees of ERS and the Judicial Retirement System. The official ERS announcement from the website [www.ersga.org](http://www.ersga.org) is reprinted below:

### **"Employees Retirement System**

*No COLA was approved for July 2009. In lieu of this COLA the Board approved a one-time bonus payment for retirees who would otherwise have been eligible for a COLA on July 1, 2009. The bonus will be equal to 1.5% of the retiree's annual benefit. This payment will be made in October 2009, by the end of that month.*

### **Judicial Retirement System**

*No COLA was approved for July 2009. In lieu of this COLA the Board approved a one-time bonus payment for retirees who would otherwise have been eligible for a COLA on July 1, 2009. The bonus will be equal to 1.5% of the retiree's annual benefit. This payment will be made in October 2009, by the end of that month."*

The Board strongly implied that the one-time "bonus" would be in lieu of both the July 1, 2009 and January 1, 2010 COLAs.

### **"Bonus" or COLA? "Bonus" or COLA? – What's the Difference??**

Before you get too excited about a 'bonus', think again. A 'bonus' is a one-time-only payment. It does NOTHING whatsoever to increase your gross

retirement income over time. How much "bonus" will you receive in October, 2009? Take your current yearly gross ERS retirement income amount and multiply by .015. That's it. And since the Board has so far taken no official action on any possible COLA effective January 2010, we have to wonder if the intent is to leave us with nothing more than this for all of this year and next.

The next question is: What will a paltry 1.5% annual 'bonus' mean to the typical retiree over the long term if our annual retirement income never rises above its current level? Consider Ms. Rosie Retiree, who receives the average annual ERS retirement benefit, before taxes and other withholding, of \$27,000. Under the new "bonus" arrangement, her base ERS retirement income will **never be more than this --- \$27,000 per year**. Let's assume that the ERS Board reconsiders and awards this 1.5% "bonus" not just once yearly, but twice, as the COLAs once were. Ms. Rosie Retiree will now receive \$27,810 per year (\$27,000 in benefits plus two "bonuses" of \$405 each). In fact, she will receive that same amount every year, assuming the 1.5% "bonuses" continue to be awarded twice yearly. With the usual COLAs, however, after 10 years Ms. Retiree's yearly retirement income would be way more, a little over \$36,000 per year. Under the "bonus" plan, over the next ten years the total gross ERS retirement income Rosie receives will total \$278,100, including the "bonuses". But with annual COLAs, her total retirement income would amount to almost \$317,000 over the next ten years. Rosie's so-called "bonus" turns out to be anything but a "bonus"—Rosie will LOSE almost \$39,000 over ten years!

Apparently acting at the direction of the Governor and the Legislative Leadership, the ERS Board has set a dangerous precedent here. A "bonus" system may save the state hundreds of

millions of dollars, but will bring nothing but harm to retirees.

As GSRA has consistently stated, the Administration and the Leadership have abandoned the long established custom of adjusting employer contributions to accommodate normal market fluctuations in retirement fund earnings so that the 3% annual COLA amount, authorized by law, can be maintained. Ignoring an honorable 30-year practice, current officials use the artificially low current employer contribution rate as an excuse for not approving COLAs. So, whatever amount you receive each month from ERS, we all lose unless—and until—our COLAs are fully restored.

GSRA members observing the June 18 ERS Board meeting noted that the action on the “Bonus” plan seemed very well choreographed and uniformly

supported by all Board members. Most Board members spoke, and virtually all of those supported their decision by (1) referencing the state’s financial crisis and (2) recognizing that salary increases had been denied to active state employees the past two years, would be denied in FY 2010, and would most likely be withheld in FY 2011 as well. At least one Board member stated that he would not support providing COLAs to retirees so long as raises were not granted to active employees. Other Board members implied as much.

One positive action did take place during this meeting. Prefacing his (lack of) COLA recommendation to the Board, newly reelected ERS Board Chair Russell Hinton requested and received Board approval to develop a policy for consistently awarding COLAs to all plans under its jurisdiction.

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## **Board of Community Health Cuts SHBP Again**

The Board of Community Health, at its June 11, 2009 meeting, adopted a resolution to cut the employer contribution to the State Health Benefit Plan (SHBP) for all local school system organizations, RESAs and libraries for the month of June 2009. The Board’s resolution eliminated the employer contribution for the one month.

Although the resolution states that the SHBP “has sufficient funds retained in the combined fund balance to compensate for the elimination during this one month,” Department of Community Health (DCH) staff reports that the elimination of the monthly contribution

will reduce the SHBP fund balance by yet another \$18-\$20 million for FY 2009.

This final rate reduction brings the total funds reduced from the SHBP for FY 2009 to a minimum of \$681.6 million plus the \$120.1 in eliminated OPEB funding. GSRA will ask for financial reports as of June 30, 2009 to identify the Fund Balance after all of the reductions in FY 2009. It should be readily apparent that there are no additional funds in the SHBP that can be used in lieu of employer contributions, and that the members have paid a much higher percentage than 25% of the cost during the current fiscal year.

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***SAVE THE DATE!!***  
**GSRA 3<sup>RD</sup> ANNUAL MEETING**  
**WEDNESDAY, OCTOBER 21, 2009      12 noon – 4pm**  
**Ga. Public Safety Training Center – Forsyth, GA**  
**2010 Governor’s race candidates will be invited for a panel discussion.**  
**These and other exciting speakers will be on hand.      Don’t miss it!**  
**More details will follow.**

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## THOMASVILLE CHAPTER HOSTS LEGISLATORS

May and June were both eventful for the Thomasville chapter of GSRA, reports Chapter President Lynell W. Hayes.

Guest speaker for the May meeting was Rep. Ellis Black (District 174), who stressed the importance of the need for retirees to join together to become more aware of, and more involved in, issues affecting them. Rep. Black reminded members that "If you don't take care of your business, someone will do it for you, and not the way you like." He also noted that even in difficult economic times, the administration needs to meet its obligations to its retirees.

Rep. Mike Keown (District 173) spoke at the June meeting and also urged members to stay informed about retirement and other issues. He discussed legislation passed in the last session and noted the difficulties encountered as legislators attempted to balance the budget. After an intense question-and-answer session with GSRA members, Rep. Keown requested a follow-up invitation to continue discussions of pertinent issues. Both Rep. Black and Rep. Keown encouraged GSRA members to stay in touch with them regarding their concerns.

*Rep. Mike Keown with Chapter Pres. Lynell W. Hayes at the Thomasville Chapter June meeting*



### **"LOCAL's WHERE IT'S AT!!"**

***Get together with your state retiree friends and start a GSRA Chapter in your community!***

***Local level activities and legislative contacts like the ones in Thomasville are the best way to get our message across to elected representatives.***

**See the Guidelines at [www.mygsra.org](http://www.mygsra.org) or  
contact the Membership committee at the mailing address below.**

## **TRS Board of Trustees May Meeting**

The TRS Board announced that 1,925 TRS retirees who retired between July 1, 2008 and January 1, 2009 would not receive a COLA in the July pension payment because the Consumer Price Index (CPI) was lower for the period ending April 30, 2009 than it had been at the retirement date for these individuals.

The TRS actuary reported that the funded percentage for TRS had decreased from 94% on June 30, 2007, to 91.7% on June 30, 2008, and that the employer contribution rate for TRS beginning in FY 2011 would therefore need to be increased from 9.74% of salaries to 10.59%.

### ***IS YOUR EMAIL ADDRESS CORRECT?***

Please be sure to update your email address with GSRA when it changes. Simply log in to [www.mygsra.com](http://www.mygsra.com) under your old email address. Then select "Our Members" and "My Profile". You can then change your information through the "edit" feature.

### ***GOT A QUESTION?***

Do you have a specific question or issue that you would like GSRA to discuss?

If so, please let us know. Contact the Communication Committee via the GSRA website, or drop a line to the address below.