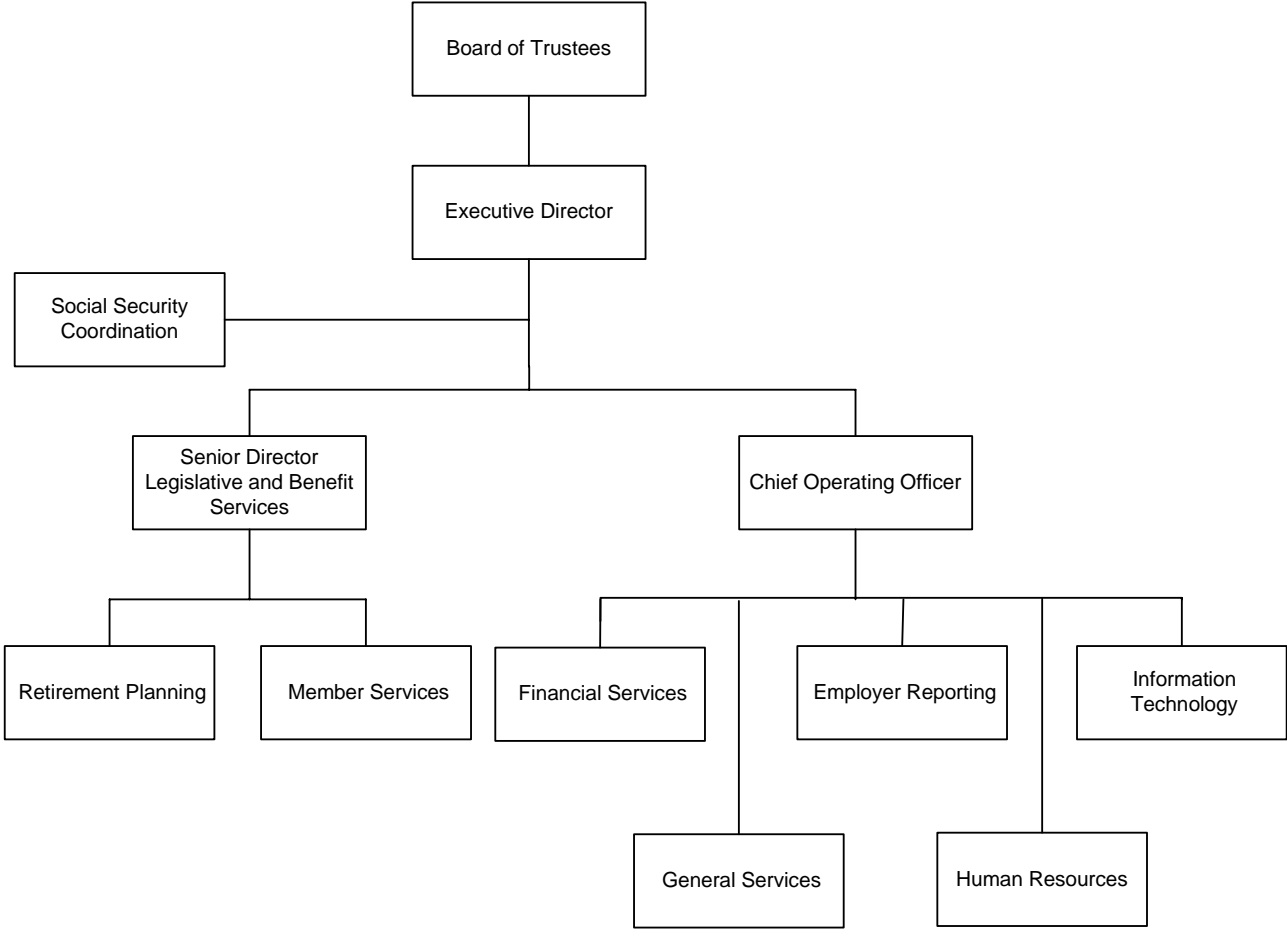


# EMPLOYEES' RETIREMENT SYSTEM

## ORGANIZATIONAL CHART

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# EMPLOYEES' RETIREMENT SYSTEM

## ROLES AND RESPONSIBILITIES

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By statute, the staff of the Employees' Retirement System (ERS) administers nine separate retirement systems and programs: ERS, the Legislative Retirement System (LRS), the Georgia Defined Contribution Plan (GDGP), the Georgia Judicial Retirement System (GJRS), the Public School Employees' Retirement System (PSERS), the State Employees' Assurance Department (SEAD), the Georgia Military Pension Fund (GMPF), PeachState Reserves and the Social Security contracts between the state and its political subdivisions.

In general, ERS is a vehicle for collecting employee and employer contributions, investing accumulated funds, and disbursing retirement benefits to members and beneficiaries. As required by Georgia law, the system is examined on an annual basis by an independent actuarial firm that specializes in pension and retirement plans. The firm prepares a yearly valuation on the contingent assets and liabilities of the system, thus revealing its ability to meet the future obligations of each retirement plan. An independent accounting firm also audits the system each year.

### EMPLOYEES' RETIREMENT SYSTEM

Since 1950, the staff of ERS has administered retirement benefits for state employees in accordance with the Official Code of Georgia. Full-time employees of participating departments are required to become members of ERS as a condition of employment, with the exception of employees who first become eligible after age 60.

The ERS Board of Trustees is ultimately responsible for administration of the system, while the executive director – who is appointed by the board and serves at the pleasure of its members – is responsible for daily management of ERS operations. The board consists of seven members as follows:

- Three ex officio members (State Auditor, State Merit System Commissioner, and Office of Treasury and Fiscal Services Director).
- One member appointed by the Governor
- Two members – appointed by the first four members – with five or more years of creditable service with ERS and
- One member – appointed by the first six members – who must not hold public office, not be an ERS member, and have at least ten years of experience in the investment of money.

The members who are not ex officio members serve four-year terms.

### LEGISLATIVE RETIREMENT SYSTEM (LRS) AND GEORGIA DEFINED CONTRIBUTION PLAN (GDGP)

LRS is a retirement plan for members of the General Assembly, while GDGP is a plan for temporary, seasonal, and part-time employees of the state not covered by ERS or the Teachers' Retirement System (TRS). Both plans are placed under the administration of the ERS Board of Trustees.

### GEORGIA JUDICIAL RETIREMENT SYSTEM (GJRS)

This system is for members and retirees of the Superior Court Judges Retirement System, the District Attorneys' Retirement System, and the Trial Judges and Solicitors Retirement Fund, as well as certain employees of the Attorney General and Legislative Counsel. The GJRS Board of Trustees consists of the seven ERS trustees plus three additional members appointed by the Governor who serve in one of the following positions: state court judge, superior court judge, state court solicitor-general, juvenile court judge, or district attorney. These appointments are for four-year terms.

### PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)

PSERS offers a supplemental retirement plan to certain public school employees not covered by TRS. These employees include bus drivers, cafeteria workers, and custodians. The PSERS Board of Trustees consists of the seven ERS trustees plus two additional members appointed by the Governor for four-year terms.

### GEORGIA MILITARY PENSION FUND (GMPF)

GMPF provides retirement allowances and other benefits for the Georgia National Guard. A member becomes eligible for benefits upon attainment of age 60 with 20 or more years of credible service (including at least 15 years of service as a member of the National Guard), having served at least ten consecutive years as a member of the National Guard immediately prior to discharge, and having received an honorable discharge.

### PEACHSTATE RESERVES

PeachState Reserves, transferred from the Georgia Merit System to ERS by executive order on July 1, 2005, is the deferred compensation retirement plan for the State of Georgia. Employee contributions and investments in 401k and 457 plans are administered by ERS through this program.

### AUTHORITY

Title 45 and 47 of the Official Code of Georgia Annotated.

**EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA**  
**PROGRAM BUDGET AND PERFORMANCE MEASURES - FY 2008**

DEPARTMENT BUDGET SUMMARY	FY 2007		FY 2008
	<u>Current Budget</u>	<u>Changes</u>	<u>Recommended</u>
State General Funds	\$8,083,095	(\$4,852,294)	\$3,230,801
<b>TOTAL STATE FUNDS</b>	<b>\$8,083,095</b>	<b>(\$4,852,294)</b>	<b>\$3,230,801</b>
Other Funds	19,844,089	419,158	20,263,247
<b>TOTAL FUNDS</b>	<b>\$27,927,184</b>	<b>(\$4,433,136)</b>	<b>\$23,494,048</b>

**BUDGET RECOMMENDATIONS BY DEPARTMENT (Information Only):**

**Statewide Budget Changes:**

1. Annualize the cost of the FY 2007 salary adjustment (Other Funds: \$85,301).	Yes
2. Reflect an adjustment in the employer share of State Health Benefit Plan premiums from 16.713% to 22.843% (Other Funds: \$260,916).	Yes
3. Reflect an adjustment in the Workers' Compensation premiums (Other Funds: \$30,806).	Yes
Total Change	<u>\$0</u>

**BUDGET RECOMMENDATIONS BY PROGRAM:**

**DEFERRED COMPENSATION**

**Purpose** : Provide excellent service to participants in the deferred compensation program for all employees of the state, giving them an effective supplement for their retirement planning.

Performance Measures:	FY 2005	FY 2006	FY 2007	FY 2008
	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Estimated</u>
1. Number of participants	37,275	34,875	36,164	37,583
2. Millions of dollars of assets under management	\$749	\$832	\$888	\$977

**Recommended Change:**

1. Reduce personal services (\$310,456) and 8 positions, regular operating expenses (\$14,617), real estate rentals (\$10,170), telecommunications (\$606), and contractual services (\$797,707) to reflect the outsourcing of the administration of Peach State Reserves (Other Funds: \$1,133,556).	Yes
2. Increase funding in contractual services to reflect the outsourcing of the administration of Peach State Reserves (Other Funds: \$1,175,691).	Yes
Total Change	<u>\$0</u>

Program Budget:	FY 2007	FY 2008
	<u>Current Budget</u>	<u>Recommended</u>
Other Funds	\$2,516,963	\$2,559,098
Total Funds	<u>\$2,516,963</u>	<u>\$2,559,098</u>

**GEORGIA MILITARY PENSION FUND**

**Purpose** : Provide retirement allowances and other benefits for members of the Georgia National Guard.

Performance Measures:	FY 2005	FY 2006	FY 2007	FY 2008
	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Estimated</u>
1. Retirees and beneficiaries currently receiving benefits	103	159	205	255
2. Funded ratio of system	15%	N/A	N/A	N/A

**EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA**  
**PROGRAM BUDGET AND PERFORMANCE MEASURES - FY 2008**

**Recommended Change:**

1. Increase funding for the Georgia Military Pension Fund to the level required by the latest actuarial report.	\$97,974
Total Change	<u>\$97,974</u>

Program Budget:	FY 2007	FY 2008
	<u>Current Budget</u>	<u>Recommended</u>
State General Funds	\$1,005,099	\$1,103,073
Total Funds	<u>\$1,005,099</u>	<u>\$1,103,073</u>

**PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

**Purpose** : Account for the receipt of retirement contributions, ensure sound investing of system funds, and provide timely and accurate payment of retirement benefits.

Performance Measures:	FY 2005	FY 2006	FY 2007	FY 2008
	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Estimated</u>
1. Retirees and beneficiaries currently receiving benefits	12,675	12,786	13,000	13,300
2. Funded ratio of system	112%	N/A	N/A	N/A

**Recommended Change:**

1. Reduce funding for the Public School Employees' Retirement System (PSERS) to the level required by the latest actuarial report.	(\$4,950,268)
Total Change	<u>(\$4,950,268)</u>

Program Budget:	FY 2007	FY 2008
	<u>Current Budget</u>	<u>Recommended</u>
State General Funds	\$7,071,996	\$2,121,728
Total Funds	<u>\$7,071,996</u>	<u>\$2,121,728</u>

**SYSTEM ADMINISTRATION**

**Purpose** : Collect employee and employer contributions, invest the accumulated funds, and disburse retirement benefits to members and beneficiaries.

Performance Measures:	FY 2005	FY 2006	FY 2007	FY 2008
	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Estimated</u>
1. Retirees and beneficiaries currently receiving benefits (ERS)	31,355	32,685	34,100	35,500
2. Funded ratio of system (ERS)	97%	N/A	N/A	N/A
3. Customer Service: Average phone wait "on hold" time will be less than 45 seconds	N/A	60 seconds	45 seconds	45 seconds

**Recommended Change:**

1. Fund statewide budget changes (Other Funds: \$377,023).	Yes
Total Change	<u>\$0</u>

Program Budget:	FY 2007	FY 2008
	<u>Current Budget</u>	<u>Recommended</u>
State General Funds	\$6,000	\$6,000
Other Funds	17,327,126	17,704,149
Total Funds	<u>\$17,333,126</u>	<u>\$17,710,149</u>

**EMPLOYEES' RETIREMENT SYSTEM**  
**DEPARTMENT BUDGET FINANCIAL SUMMARY BY OBJECT CLASS - FY 2008**

Object Classes / Fund Sources	FY 2005 Expenditures	FY 2006 Expenditures	FY 2007 Current Budget	FY 2008 Agency Request Total	FY 2008 Governor's Recommendation
Personal Services	\$4,940,818	\$5,610,131	\$5,985,902	\$5,760,747	\$6,052,469
Regular Operating Expenses	590,750	458,310	500,707	486,090	486,090
Travel	10,571	23,716			
Equipment			50,000	50,000	50,000
Computer Charges	3,171,264	6,739,165	311,000	311,000	311,000
Real Estate Rentals	561,195	561,195	625,350	615,180	615,180
Telecommunications	77,742	75,665	556,606	556,000	556,000
Per Diem and Fees	966,887	1,043,346			
Contractual Services	2,990,011	5,025,452	11,814,524	12,192,508	12,192,508
Grants and Benefits			6,000	6,000	6,000
Georgia Military Pension Fund	890,651	890,651	1,005,099	1,103,073	1,103,073
Public Employees' Retirement System	1,420,696	4,226,602	7,071,996	2,121,728	2,121,728
<b>TOTAL FUNDS</b>	<b>\$15,620,585</b>	<b>\$24,654,233</b>	<b>\$27,927,184</b>	<b>\$23,202,326</b>	<b>\$23,494,048</b>
<u>Less:</u>					
Other Funds	\$13,309,238	\$19,541,586	\$19,844,089	\$19,971,525	\$20,263,247
Subtotal	\$13,309,238	\$19,541,586	\$19,844,089	\$19,971,525	\$20,263,247
 State General Funds	 \$2,311,347	 \$5,112,647	 \$8,083,095	 \$3,230,801	 \$3,230,801
 <b>TOTAL STATE FUNDS</b>	 <b>\$2,311,347</b>	 <b>\$5,112,647</b>	 <b>\$8,083,095</b>	 <b>\$3,230,801</b>	 <b>\$3,230,801</b>
 Positions	 87	 110	 105	 100	 97
Motor Vehicles	1	1	1	1	1