

RETIREMENT. PLAN IT. SAVE IT. LIVE IT.



**Teachers
Retirement
System of
Georgia**

Teachers Retirement: Summer GAEL Update

Georgia Association of Educational Leaders

July 16, 2019

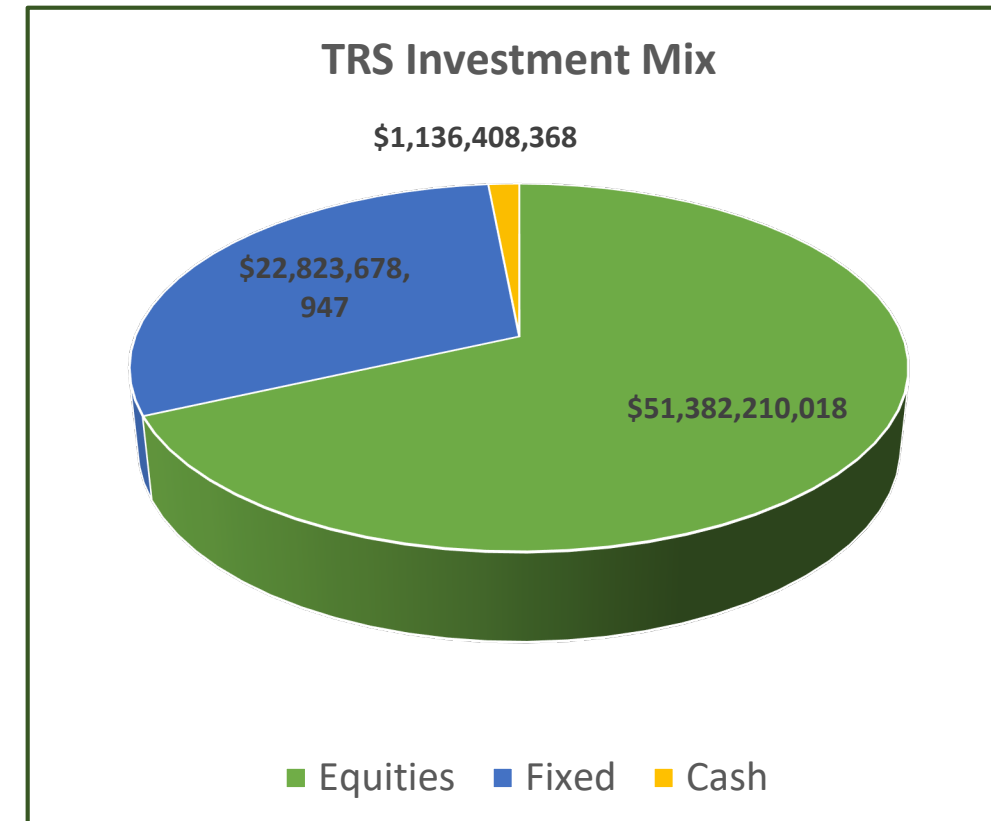
Basic Fund Facts

- Governed by Georgia Law (Title 47 – Chapters 1, 3 and 20)

- Defined Benefit Plan

$$\begin{array}{|c|} \hline \text{Years of} \\ \text{Creditable} \\ \text{Service} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{2\%} \\ \text{Multiplier} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{2-Year} \\ \text{Final Avg.} \\ \text{Salary} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Maximum Plan} \\ \text{Benefit} \\ \hline \end{array}$$

- As of June 30, 2019:
 - **\$78.4** Billion in Assets Ranked 25th largest retirement fund by *Pensions & Investments* (02/19)
 - **238,000** Actively Contributing Member Accounts
 - **24,000** 10.5% Eligible to Retire (Normal & Early Retirement)
 - **128,000** Retired Members



Top Questions About TRS

- When can I retire?
- How much will my retirement benefit be?
- What about my insurance?
- Can I go back to work after retirement and what are the conditions?
- Future employer contribution rates?
- Return to work request approval?
- Sick leave verification, over reporting, & misunderstanding?
- Can you help me with a DCH/SHBP health insurance question?
- If I retire on June 1, when will I be eligible for my first COLA?
- What happens if the CPI drops? Will I still receive my COLA?

Sustainability and Funding

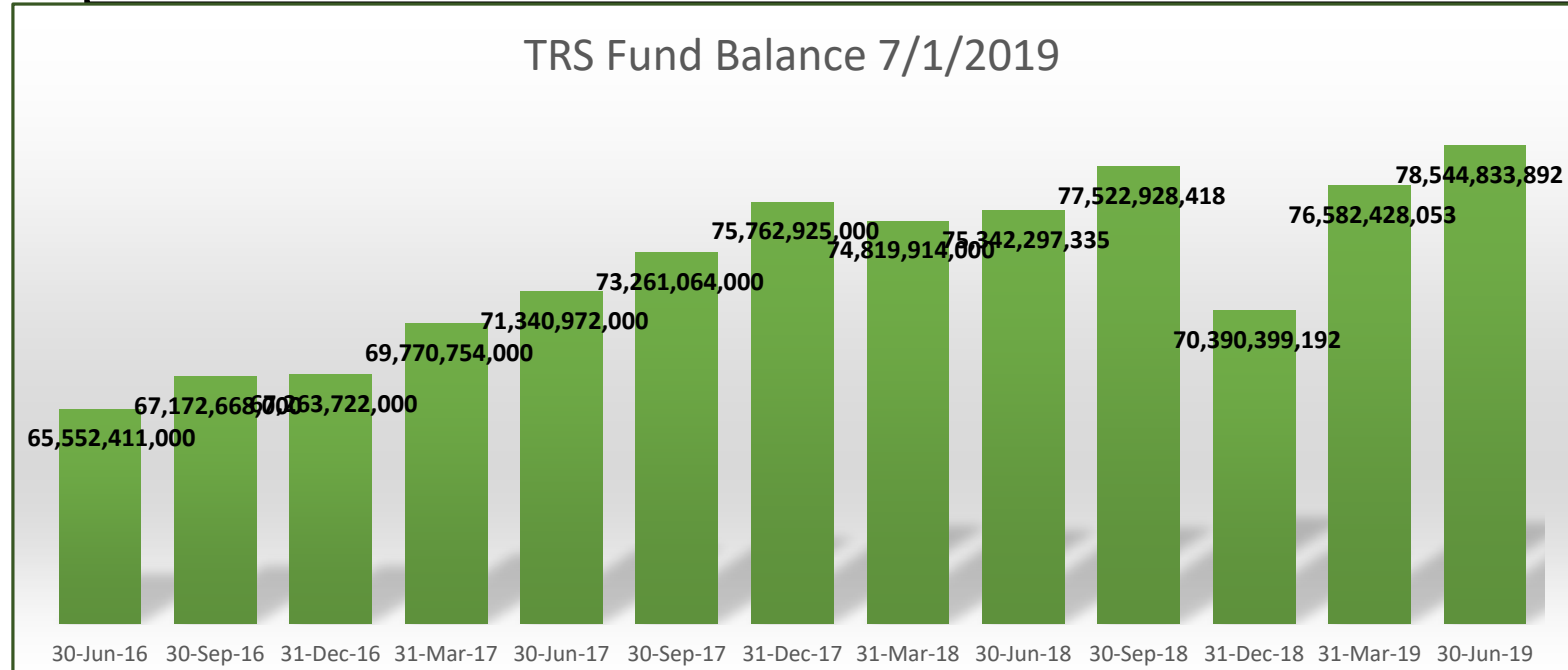
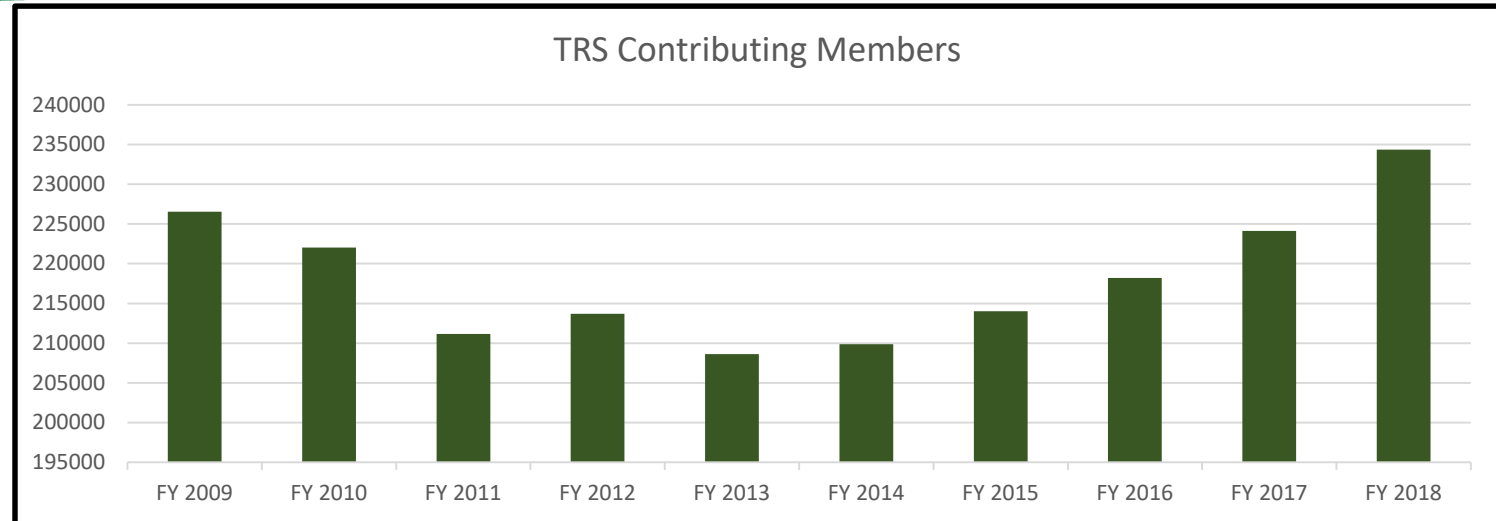
Contribution rates are determined by the Board of Trustees in accordance with Georgia law.

- **Employee Contributions - 6%**
 - O.C.G.A. § 47-3-41
 - 5% Minimum – 6% Maximum
- **Employer Contributions**
 - O.C.G.A. § 47-3-43 based on System's liabilities as shown by actuarial valuation
 - FY 2020 – **21.14%**
 - FY 2021 – **19.06%**
- **Investment Earnings**
 - **7.25%** Assumed Rate of Return (Effective FY 2021)
 - **12.50%** FY 2017 Actual Earned Rate of Return
 - **8.94%** FY 2018 Actual Earned Rate of Return
 - **6.79%** FY 2019 Actual Earned Rate

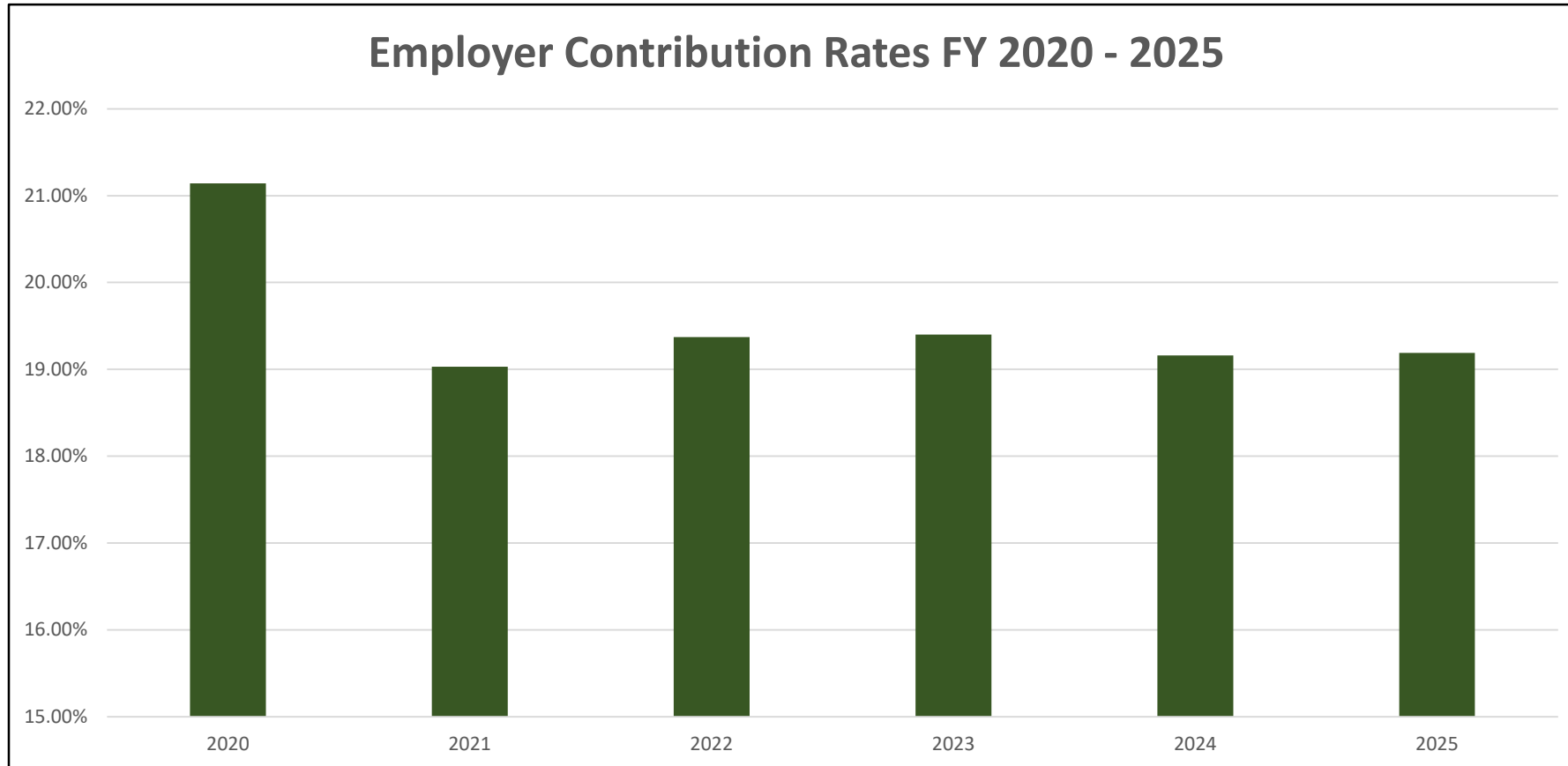
Key to Georgia's fund health has been the Governor & Legislature funding the Employee Contribution Rates every year...drawing positive mention in the State's AAA bond rating.

Future Positive Funding Impacts

- Actively contributing membership numbers are increasing.
- Salary increases have been restored to public employees.
- The financial markets are showing signs of continued recovery.
- FY 2017 rate of return was 12.5%. 5.0% higher than the assumed 7.50%.
- FY 2018 rate of return was 8.94%. 1.44% higher than the assumed 7.5%.
- FY 2019 YTD 6.79%.
- Last Three year avg. 9.4%.

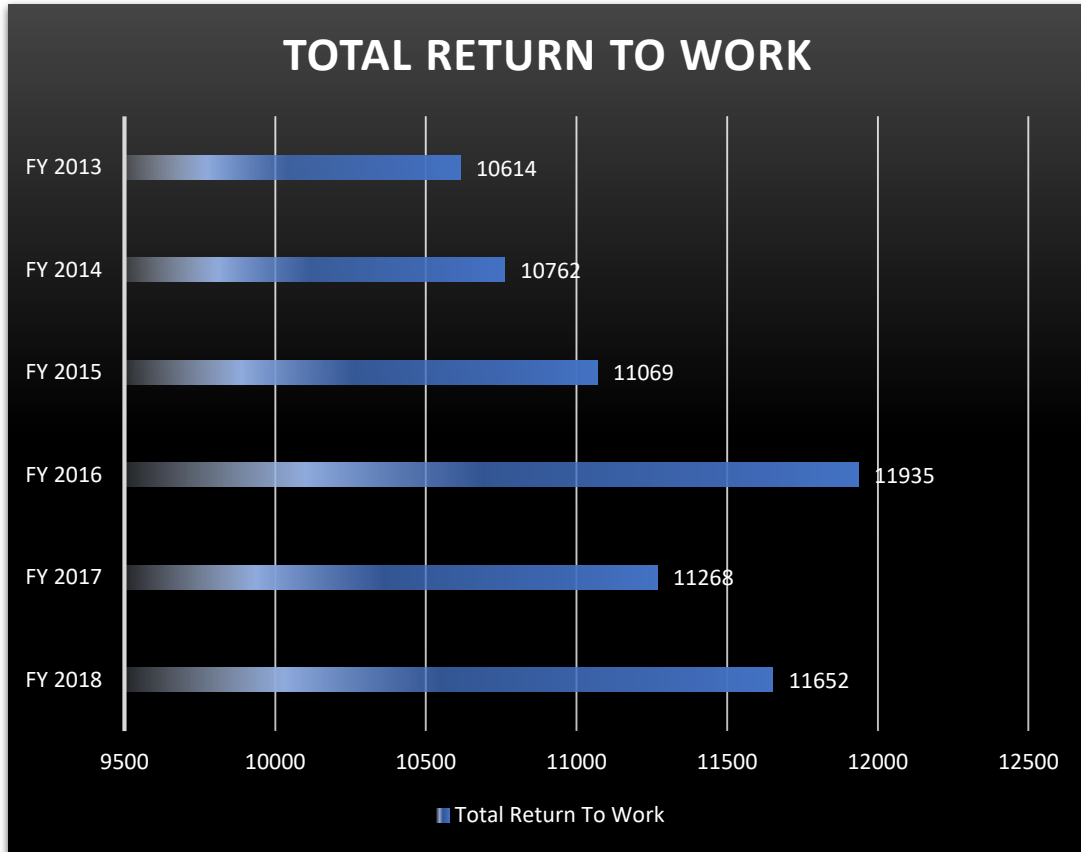


Future Employer Contribution Rates



* Each annual actuarial valuation may result in either positive or negative adjustments based on factors impacting the valuation.

Working After Retirement



Fiscal Year	Total Return To Work	Regents USG	K12 Emp.	Employ Misc	State Agencies	TCSGA	Indp Contract
FY 2018	11652	1097	8880	555	17	250	853
FY 2017	11268	1096	8405	790	21	226	730
FY 2016	11935	1231	9479	106	11	307	801
FY 2015	11069	1060	9000	89	16	213	691
FY 2014	10762	1347	8482	139	18	226	550
FY 2013	10614	1138	8139	558	21	181	577
Totals	55648	5872	43505	1682	87	1153	3349

TRS Earnable Compensation

- STRS earnable compensation includes the gross salary for regular working hours. Other compensation items that may be reported include:
- Tax sheltered annuities, including those paid by the employer on behalf of an employee
- Regular compensation paid to a member while on sick, personal or annual leave
- Deferred summer compensation earned in a TRS covered position
- Deferred summer compensation due to a deceased member's estate
- The full, regular gross compensation payable to a member for all working time during the summer months in a TRS-covered position
- Compensation received for employment under extended day or extended year written contracts
- Coaching supplements that meet certain requirements
- Automobile allowance (does not include payment for reimbursable expenses such as mileage or fuel and maintenance costs)
- Group insurance - health, dental, vision and disability insurance premiums
- Life insurance premiums (the employee must select the beneficiary, which must not be the employer)
- F.I.C.A. taxes - Social Security and Medicare taxes paid on behalf of the employee (employee's portion only)
- Housing allowance for university presidents

2019 Legislative Action

- House Bill 109 – Non Fiscal. Essentially was/is an effort at some moderate, but not severe, reforms. Sick leave, final average salary highest 2 to 5 with only 2 increases counted in 5 years, pensionable income cap, Not make out of Rules. Don't misinterpret the lack of action for the lack of interest!)
- SB 117 All new purchased time be done at Full Actuarial Value. Goes back to Senate for Vote in 2020.
- HB 196. Pension Trustee education bill. Passed
- HB 292. Repeal USG requirement to pay TRS for ORP members. Actuarial Review
- HB 320. Return to work FT for, Science, Technology, engineering, Arts, Math. Actuarial Review
- HB 336. Allow any retired teacher to return with employer paying TRS E & E Contribution. Actuarial Review
- HB 390. International Teaching Service. Actuarial Review
- SB 175. Employer pay E & E TRS contribution on part time retirees returning to work. Passed Senate but did not get out of House Retirement Committee
- HB 662. Would set a maximum ARR of 6.75%. Actuarial Review
- HB 667. Would reduce actuarial review to once every 3 years, Pay UAL off in 15 years rather than remaining 25. Actuarial Review
- SB 260 does same as HB 662 & 667 but also ties COLA to the CPI. Actuarial Review

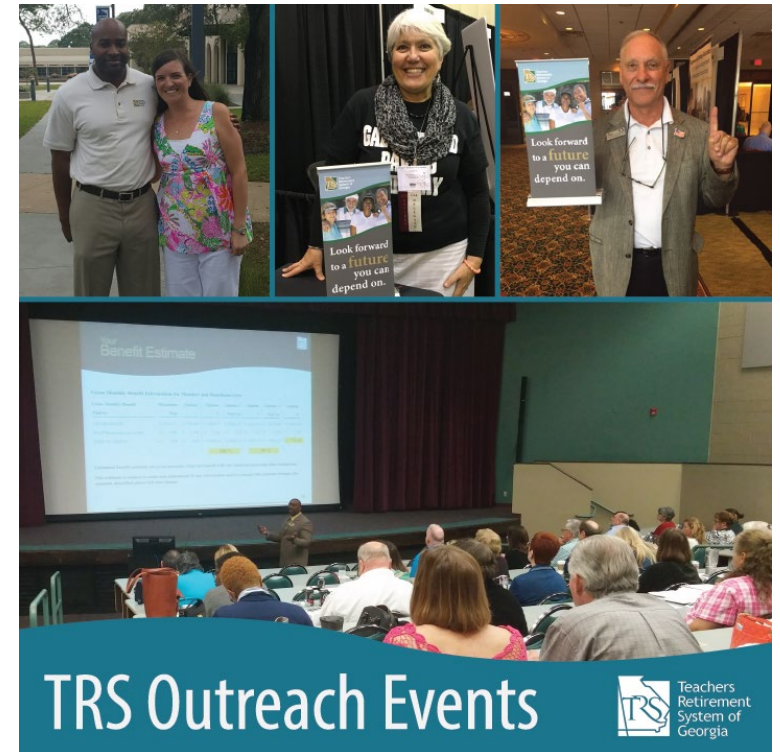
FY 2020 Salary Increases – TRS Impact

- Increases in salaries mean increases in employer and employee contributions. These help the plan by putting more money in the system to invest.
- Possibly some members decide not to retire in order to maximize pensionable income? Working 1 to 3 years longer would increase pensionable income. Fewer retirements help the system...in the short term. Actual retirement numbers were approximately 5% fewer for FY 2019.
- Local districts are going to feel the “squeeze” in spreading these salary increases out across QBE earned positions AND those not earned.



Some Reminders

- Working after retirement
 - No pre-arranged agreements
 - One month break in service
 - Salary limitations
- Outreach
 - New member workshops
 - Mid-career workshops
 - Pre-retirement workshops and counseling
 - Employer Training
 - Like/follow us on Facebook!



Thank You!

Questions?