



fall | 2014

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### Requirements for Reporting New GSEPS Members - HB764

The passage of HB764 has already had a significant impact on member savings. The legislation increased the automatic 401(k) contribution for newly eligible GSEPS members from 1% to 5% and became effective on July 1, 2014. In just three months, active GSEPS members taking full advantage of the employer match by contributing at least 5% have increased from 19% to 29% of the population.

Although a 5% 401(k) contribution rate means more money saved for retirement and a step in the right direction, it is still likely not enough to ensure a comfortable retirement for GSEPS members. Please encourage employees to use the tools on the [GaBreeze](#) website to help determine their appropriate contribution rate for adequate retirement savings.

Two other aspects of HB764 are:

- All newly eligible GSEPS members are required to sign and return the *GSEPS Automatic Enrollment Acknowledgement* form to their Human Resources representative.
- Human Resources is required to update the appropriate field in their reporting system to indicate the employee has signed and returned the form.

As of mid October, employers had only populated the appropriate field for half of new GSEPS members. Although this was an improvement from September, ERSGA requires 100% compliance. ERSGA will be following up with employers who have not populated this field for new GSEPS members.

# GASB 68 Update and Expectations

## *Best practices on census data controls and enrollment*

In June 2012, the Governmental Accounting Standards Board (GASB) issued new public pension accounting rules which will take effect for fiscal years beginning after June 15, 2014 for local and state governmental employers.

Over the past year, ERSGA has been working diligently to implement GASB 67, *Financial Reporting for Pension Plans*. Much of the heavy lifting from the plan perspective took place this year with our financial statements and supporting documents for fiscal year ending June 30, 2014. GASB 68, on the other hand, will affect employers issuing separate financial statements and/or those outside the state entity. GASB 68 will require such employers to report their share of the applicable plan's Net Pension Liability (NPL) in financial statements for fiscal years beginning after June 15, 2014.

The NPL for our plans will be calculated by our actuary. During fiscal year 2015, we will provide participating employers who require this information with their share of the NPL and other additional information necessary to assist with preparation of the required note disclosures.

These new GASB rules only apply to accounting and financial reporting. The rules will not apply to funding and will not be used to determine contribution requirements. The changes impact how pension costs are accounted for in financial statements.

As some of you experienced this past summer, the new GASB standards include a new emphasis on the accuracy and completeness of the census data provided by employers to the plan each month. To ensure compliance with GASB and recommended best practices, ERSGA will be working with employers outside the state entity to improve our controls over enrollment and reporting. To that end, each employer must be able to attest that the data submitted each month is accurate and includes all plan eligible employees.

We look forward to working with you to make our reporting process better in the near future. Please continue planning with your auditors regarding the implementation of GASB 68 in the coming months. For more information, please refer to the GASB 68 information page using this link: [GASB 68](#)

## Outstanding Employer Invoices Update

As of the September 2014 report month, there were 1,638 outstanding invoices across all plans. These invoices are created when there is a variance between the amount reported in the employee detail data and the cash received. An employer may be entitled to take a credit on future data submissions to the plans.

Plan	Number of Employers	Number of Invoices	Invoice Totals
ERS	149	999	\$ (41,115.80)
GDC	42	256	\$ (28,354.30)
JRS	64	264	\$ 120,221.84
LRS	4	22	\$ 86.89
PSR	42	97	\$ 1,800.00
Total	318	1638	\$ 52,638.63

Our goal is to have all outstanding invoices from prior fiscal years resolved by March 2015. Beginning April 30, 2015, a new process called Outstanding Invoice Escalation will begin. Reporting Officials will be notified of outstanding invoices less than 90 days old. Notifications of invoices greater than 90 days old will be sent to the Chief Fiscal Officer and/or Agency Head.

We implore you take this opportunity to resolve any outstanding invoices. Please contact your pension reporting analysts for more information.

# New Hire Letter or Membership Application?

New GDCP and PSERS employees should be given the New Hire Letter, available on the [Employer Forms & Publications](#) section of our website. This letter explains their contributions and where they can get more information about the retirement plan. New GSEPS members should be given the GSEPS [Notice](#) and [Form](#) available on our website. Only new JRS employees should complete a [Membership Application](#). For all other plans, we request that you no longer use old Membership Applications for new employees.

All new retirement plan members will receive a welcome letter within 45 days of hire. This letter will provide instructions on establishing their member account and designating their beneficiaries online.

## Full Plan Enrollment and Reporting

All public employees should be enrolled in a pension plan in Georgia. Active ERSGA covered pension plans include the Employees' Retirement System, the Legislative Retirement System, the Judicial Retirement System, the Public School Employees Retirement System, and Georgia Defined Contribution Plan. If you have an employee on your payroll who is not a member of another publicly supported pension plan, the employee likely should be reported to one of our plans.

Our plans are obligated by statute to accurately determine required contributions for benefits payable to covered employees. Full reporting of census (demographic and payroll) data provides the information we need to meet this important mandate.

Failure to accurately and completely report eligible employees can be costly to employers and to the plan. Depending on the plan, IRS plan correction procedures require an employer to contribute up to 100% of employee contributions for missed enrollments and contributions. For impacted GSEPS members, employers may be required to contribute additional funds to the 401(k) plan to account for missed market gains, in addition to missing employer matching funds and employee contributions. Over the past several months, ERSGA has begun notifying statewide payroll employers of missing enrollments. We encourage employers to respond quickly to resolve these reporting issues and avoid expensive enrollment penalties.

Note: There are exceptions to enrollment in our plans:

- Students employed by an institution where they are enrolled full-time
- Non-employees, such as: board members, trustees, contractors, or leased employees
- Employees covered by other publicly supported retirement or pension plans (TRS, ORP, County Plan, etc.)
- Employees electing discontinuance of membership after obtaining age 65
- Rehired Retirees, unless electing to discontinue pension and resume membership where applicable

One of the critical factors in assessing the health of a retirement plan is the consistency of employers making the full annual required contributions (ARC) for all covered employees. The State of Georgia has an excellent record of making employer contributions each year. Thank you for doing your part by fully and promptly reporting your eligible employees each month.



**MetLife**

**retirewise**<sup>®</sup>

Are you prepared to make the most of what you have in retirement? Planning ahead can make all the difference – and it's never too early or late to get started! Get the guidance you need with Retirewise – a retirement education opportunity that will help you clarify your goals and identify steps you can take to achieve them.

If your agency would like to participate in the Retirewise program, please contact [Carlton Lenoir](#) at ERSGA.

## Rehired Retiree – Employer Responsibilities

An ERS retiree who is re-employed by an employer participating in ERS, JRS, or LRS is limited to no more than 1,040 hours worked per calendar year.

Failure to adhere to the 1,040 hour work limitation will result in the suspension of the retiree's benefit for the remainder of the calendar year. Employers may also be liable for any pension benefits paid after the retiree exceeds 1,040 hours if the employee is not reported in a timely manner.

Your responsibilities are to:

- Notify ERSGA of any current or newly hired retirees by submitting a *Rehired Retiree Reporting Form* within 30 days of hire. The form is available on the [ERSGA website](#). We recommend that employers inquire about a new hire's retirement status during the hiring process.
- Report monthly hours worked for rehired retirees. A *Rehired Retiree* reporting module is available on the Employer Desktop.
- Ensure that rehired retirees have not been enrolled or are not contributing to the GDC plan.
- Submit the completed *Independent Contractor Verification* form, which is available on the [ERSGA website](#), when applicable.

PSERS rehired retirees less than age 65 must be re-enrolled as active contributors to the plan and their PSERS pension will stop. PSERS rehired retirees age 65 or older (or a rehired retiree who attains age 65) must elect to either cease pension benefits and be re-enrolled as active contributors to the plan, or continue receiving pension benefits and not be re-enrolled in the plan.

Your responsibilities are to:

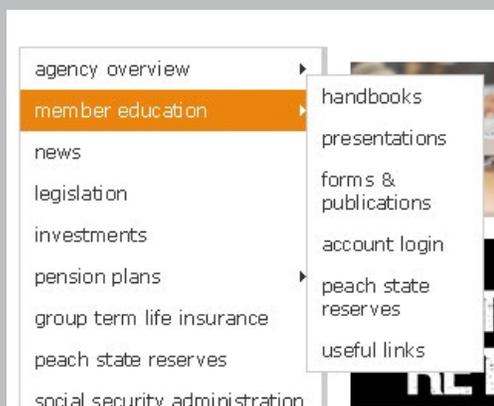
- Complete the *PSERS Rehired Retiree Reporting Form* with the employee.
- Send completed form to PSERS indicating employee's election to resume active contributions or continue retirement.

For members who elected to resume contributing and again retire, your responsibilities are to:

- Complete a new *PSERS Retirement Application* with the employee.
- Submit a completed *Retirement Application* to the plan.

For more details on re-employment after retirement, visit our [website](#). From the Employer page, download a copy of the applicable Plan Employer Manual.

## Member Education



Check out the Member Education links on the left-hand navigation menu on [www.ers.ga.gov](http://www.ers.ga.gov).

We created the Member Education section to make it easier for our members to find educational materials on our website, such as handbooks, presentations, and seminars. Please encourage your employees to take advantage of these helpful tools.

# Make Sure Your Contact Information Is Up to Date

To effectively communicate with our employers, ERSGA must have up-to-date contact information and cooperation from our agency leaders. With few exceptions, we communicate with our employers via electronic communications with limited reach. Therefore, we rely on you to forward this information to those affected in your organizations.

In an effort to ensure that we have accurate contact information for your agency head, fiscal officer, human resource director/manager, and payroll reporting official, ERSGA will be asking agencies to verify the contact information we have for these positions on a bi-annual basis. In addition, we encourage you to update your employer contact information with us as changes arise in your organization.

## Refund Applications

Terminated members of ERS, PSERS, and GDCP who are not entitled to a vested pension benefit can request their refund online! Currently, almost 70% of all GDCP refunds are initiated online.

Members can only use the online process once their account status has been updated to Inactive. We update this as soon as we receive the termination date from your agency, either with the monthly contributions file or through Ad Hoc Termination Reporting on your Employer Desktop. For the online refund process to function smoothly, it is important that termination dates be entered in your payroll system or on your Employer Desktop as soon as the employee terminates employment.

Using the online tool for refunds benefits members, employers, and the retirement system. When your employees use the online process, you won't have to complete the Employer Certification on the Refund Application or mail the application to us. Also, members with more than \$200 of taxable interest will be able to make a Rollover Election at the time they apply online for their refund, rather than completing separate paperwork and delaying receipt of their refund.

If you are not using the Ad Hoc Termination Reporting tool on your Employer Desktop to enter the termination date, please advise terminating employees that it will take approximately two to six weeks for their account to be updated to an Inactive status, at which time they can go online at [www.ers.ga.gov](http://www.ers.ga.gov) to request a refund. If you enter their termination date using the Ad Hoc Termination Reporting tool, they can go online immediately to request their refund.

## Employer Training

March 16-20, 2015  
*More information to follow*

Topics will include:

- Overview of the Reporting Process using the Employer Desktop
- Full Enrollment and Reporting
- Retroactive Adjustments
- What is an Invoice, and How do I allocate?
- Forfeited Leave Processing
- Rehired Retiree Reporting
- Reporting to Georgia Breeze

