



GEORGIA STATE RETIREES ASSOCIATION

March 3, 2016

MEMORANDUM

TO: Members of the Georgia General Assembly

FROM: Royal K. Mann, GSRA President

SUBJECT: Why Consider COLAs for ERS's Members and Why Pursue Equity across Retirement Systems?

The Georgia State Retirees Association (GSRA) asks the General Assembly and the Governor to provide funds for awarding an adjustment to purchasing power for retirees of the Employees Retirement System (ERS) in the FY 2017 budget. No cost of living adjustment (COLA) has been award to ERS retirees since January 2009 (7 years) and was reduced from 3% to 2% in 2007 and 2008. Since January 2009, inflation in the retirees' most frequently purchased goods and the cost of medical insurance/services have severely impacted those on a fixed income.

GSRA believes that all employees and educators should be treated equitably while working for the State or school system and after retirement regardless of the state-administered retirement system in which they are members. As an employer, the State should provide salaries and medical and retirement benefits that support employment and retention of effective workforces.

Equity has not existed in the manner in which COLAs have been awarded ERS and TRS retirees! Much discussion has been heard about the differences—especially about the pre-funding of COLAs and member contribution rates—for the retirees of each system, and these differences have been used as excuses/reasons why the two groups are handled differently. GSRA's position remains that there should be no differences and that all state retirees should be treated in like manner for their state service. We have developed the attached issue paper to provide information for these two areas to help dispel myths and preconceived ideas that surround each subject.

The issue paper demonstrates how the different COLA policies of each Board of Trustees were developed and shaped with the State's best interest in mind, and with no input from retirees, and in GSRA's opinion that the employee portion of contributions for the COLAs for TRS retirees and ERS retirees have been included in the state's contributions over the years just in different ways.

We agree that the absolute rate contributed by ERS "Old and New" plan members is less than the TRS members. However, GSRA shows that the actions of the Governor and General Assembly in 1980 through 1982 equalize the effective rates. Therefore, we ask that the ERS retirees receive as large a percentage relief as can be identified for FY 2017.

GSRA assumes full responsibility for developing the attached information from public information, but we have requested and received input, information and comments from the Governor's Office of Planning and Budget, the Employees' Retirement System, and the Teachers Retirement System.

We hope that you will use the information in the attachment when reviewing how Georgia has arrived at these conditions and issues. The information provides facts as to what has become a very

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personal and emotional issue for all parties involved. The attachment is not meant to be all inclusive nor to imply that members of TRS should be treated as ERS members, but a starting point to allow decisions to be made, as dispassionately as possible and to foster an atmosphere that will give the issue of COLAs for ERS retirees a complete study.

Thank you for your time to review these facts and for considering our request for funds for a cost-of-living adjustment for ERS retirees in the FY 2017 budget.

cc: Teresa MacCartney
Jim Potvin
Jeff Ezell
GSRA members

RKM/BJB/CF