

EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA

Explanation of Benefits
2009

EMPLOYEES' RETIREMENT SYSTEM

The Employees' Retirement System (ERS) was established and began administering retirement benefits for State of Georgia employees on January 1, 1950, as provided by laws enacted through the Georgia General Assembly.

Laws governing ERS provide for service retirements, death and disability benefits, or refunds of contributions and interest to members who leave State employment. Employee and employer contributions are paid into the retirement fund for the welfare of members and their beneficiaries. All benefits are paid from this fund.

An independent actuarial firm that specializes in pension and retirement plans examines the fund every year. The actuarial firm prepares an annual valuation on the ability of the fund to meet future obligations, and every five years performs an actuarial experience study. The System is also examined annually by an independent accounting firm.

A Board of Trustees is responsible for the administration of ERS. Daily operations are under the direct administration of the Director and staff of ERS. Other retirement systems included under the authority of ERS are: The Public School Employees Retirement System (PSERS), the Legislative Retirement System (LRS), the Georgia Judicial Retirement System (GJRS), the Georgia Defined Contribution Plan (GDGP), and the Georgia Military Pension Fund (GMPF). ERS also administers the Group Term Life Insurance program, as well as the Peach State Reserves program (PSR) – the state's 457 and 401(k) Plans.

This handbook is not an attempt to paraphrase the law. Its purpose is to briefly describe the retirement benefits available to you as a current, active member of ERS. ERS members who are vested (left State employment with ten or more years of creditable service and did not receive a refund of their contributions and interest) are subject to the laws in effect at the time of their termination. In the event of any conflict between existing laws and information contained in this handbook, the laws, of course, will have precedence.

NEW LEGISLATION 2008

During the 2008 Legislative session, a new retirement plan for ERS members was created, the **Georgia State Employees' Pension and Savings Plan (GSEPS)**. This new retirement plan provides a defined benefit plan combined with a 401(k) plan for new ERS employees hired on or after January 1, 2009.

ERS members covered under the GSEPS Plan will contribute 1.25% of their monthly compensation toward the Defined Benefit (DB) component. The retirement benefit formula will be 1% for each year of service times the average of the highest 24 consecutive calendar months of salary while a member. Vesting in the DB is ten years. For active GSEPS members fifteen years of creditable service is required for disability retirement or death-in-service benefits.

GSEPS Plan members will be automatically enrolled in a 401(k) plan with matching employer contributions, administered through PSR, unless they choose to decline participation in the 401(k) upon hire. If automatically enrolled, 401(k) participating members can stop and start 401(k) participation at any time, but the funds in the 401(k) must remain in the fund until separation from service.

SPECIAL NOTE: Employees automatically enrolled in the 401(k) plan have a 90-day period from initial retirement plan eligibility (date of hire, or date of election of GSEPS membership for employees of county Tax Offices) to change their mind and request a refund of their 401(k) contributions. Refunds are considered a taxable event and will reflect any investment gains or losses reflected in your 401(k) account. After 90 days, you may still discontinue participation and may also re-enroll at any time, but no refunds of contributions are available. 401(k) contributions, both employee and employer matching funds, are invested in a Lifecycle fund based on the participant's age and approximate retirement date. Participants may change their investment allocation at any time among the lineup of PSR investment options, by contacting ING, the 401(k) plan administrator, at 1-866-694-2777 or accessing their account at <http://myGApr.ingplans.com>.

Participation in the 401(k) requires a minimum employee contribution of 1% of pensionable* compensation with additional voluntary contributions up to a total of 80% of compensation, subject to annual Internal Revenue Service contribution limits (consult the ERS website at www.ersga.org for the current PSR plan contribution limits). Contributions to the GSEPS 401(k) plan are matched by your employer, as follows:

- 100% match of the first 1% you contribute
- 50% match for each additional percentage you contribute, up to 5%
- Total state match is 3% of pensionable compensation, based on an employee contribution of 5%.

*Pensionable salary is defined as regular compensation payable for full normal working time, excluding any supplements from local funds. This also excludes pay such as bonuses, FLSA Compensatory time, holiday pay, annual leave payouts, overtime, and vehicle allowances.

Employee contributions to the 401(k) plan are immediately 100% vested; however the employer contributions are subject to a five-year vesting schedule, vesting 20% for each completed year of service, beginning with your date of hire (or date of GSEPS Membership election, for county Tax Office employees), as follow:

- 1 completed year of service = 20% vested;
- 2 completed years of service = 40% vested;
- 3 completed years of service = 60% vested;
- 4 completed years of service = 80% vested;
- 5 completed years of service = 100% vested;

Upon separation from service for greater than 31 days, the vested percentage freezes on the matching funds account balance. Upon return to service after 31 days, the vesting schedule for future contributions into the 401(k) starts over again at zero.

Members of the Old Plan or the New Plan may transfer their retirement plan membership to the GSEPS Plan by completing a GSEPS Opt-In Form, available on the ERS website. This decision is irrevocable, and the member becomes subject to the provisions of the GSEPS Plan, including a reduced pension benefit formula factor, loss of Group Term Life Insurance coverage, increased service needed to apply for disability retirement or for death-in-service benefits, and loss of service projections when calculating disability retirement or death-in-service benefits.

ERS MEMBERSHIP REQUIREMENTS

Full-time employees of participating departments and agencies are required to become members of ERS as a condition of employment. (Full-time employment status is defined as thirty-five (35) hours per week for a minimum of nine months a year.)

EXCEPTION: Employees who first become eligible for membership after they turn age 60 may decline membership in ERS. This decision must be made within thirty days of hire and is irrevocable.

ERS members who have at least ten years of creditable service and accept a position covered by the Teachers Retirement System of Georgia (TRS) may elect to remain an active member of ERS rather than becoming a member of TRS. This decision is irrevocable and must be submitted in writing to ERS and TRS within sixty days of hire. Likewise, active members who have ten years of creditable service under TRS may elect to remain under TRS if they accept a position covered by ERS.

OLD PLAN vs. NEW PLAN vs. GSEPS PLAN

There are three retirement plans under ERS. Membership in a plan is generally based on when you came to work for the State.

Old Plan members are:

Current members employed full-time before 7/1/82, or
Re-employed members originally employed before 7/1/82 with vested accounts.
(Having a vested account means leaving State employment with 10 or more years of service, being under age 60, and not getting a refund.)

New Plan members are:

Full-time employees hired on or after 7/1/82 and before January 1, 2009, or
Employees of State agencies hired before 7/1/82 who chose to transfer to the New Plan, or
Members re-employed 7/1/82 or later who received a refund of contributions and interest and rehired before January 1, 2009, or
Employees who transferred accounts from ERS to TRS and back to ERS on or after 7/1/82 and before January 1, 2009, or
Re-employed members originally employed on or after July 1, 1982 or before 9/1/2009 with vested accounts.

GSEPS (Georgia State Employees' Pension and Savings Plan) members are:

Full-time employees hired on or after 1/1/2009, or

Employees of State agencies hired before 1/1/2009 who chose to transfer the GSEPS Plan, or

Members re-employed 1/1/2009 or later who received a refund of contributions and interest, or

Employees who transferred accounts from ERS to TRS and back to ERS on or after 1/1/2009.

CONTRIBUTIONS

Old Plan:

The employee payroll deduction is 1.5%. Of this amount, 1.25% goes into your retirement account and .25% goes toward Group Term Life Insurance (GTLI) premiums.

In July 1980 the employer began paying 5% less \$7 of the employee contribution rate (known as ``the pick-up``). Of this amount, 4.75% less \$7 goes into the employee's retirement account and the remaining .25% goes towards the GTLI premium.

The total employee/member contribution rate is 6.5% of the monthly salary less \$7. (The \$7 is a Social Security adjustment.)

Note: Tax officials, their employees, and State court employees pay the full employee rate of 6% of the monthly salary less \$7.00 and 0.5% of monthly earnings for GTLI.

New Plan:

The total employee/member contribution rate is 1.5%. Of this amount, 1.25% goes into the retirement account and .25% is paid toward GTLI coverage.

GSEPS Plan:

The total employee/member contribution rate for the defined benefit portion is 1.25%. There is no GTLI contribution or coverage.

Employee contributions for the 401(k) portion can range from a minimum of 1% of compensation to a maximum of 80% subject to annual Internal Revenue Service contribution limits (consult the ERS website at www.ersga.org for the current PSR plan contribution limits). Employer matching contributions for employees participating in the 401(k) can range from 1% to 3% of compensation.

For All Plans:

In addition to the employee pension contribution, employers also contribute an actuarially determined percentage of salary to the pension plan which is not applied to an individual member's account, and therefore is not refundable to the member.

INTEREST

Active employee defined benefit accounts earn 4% interest (compounded annually) after one year of deposit. The interest is credited to all accounts active on June 30. Funds left on deposit by members who terminate employment do not earn interest.

Money invested in the 401(k) account by employees under the GSEPS Plan does not earn interest. Any account appreciation or depreciation is based solely on the participant's investment choices.

REFUNDS/DISTRIBUTIONS

Pension Plan Refunds -

- Members terminating employment before retirement may submit an application for refund of contributions and interest. Applications must be certified by the employer. Processing an application generally takes from 6 to 8 weeks.
- GTLI premiums (not applicable for GSEPS Plan-covered employees) are not refundable.
- Cashing, depositing, or rolling-over a refund check waives all benefit rights, including Old Plan membership, New Plan membership, and GTLI coverage.

401(k) Plan Distributions -

- Except during the initial 90-day period following automatic enrollment into the 401(k) plan, GSEPS 401(k) participants cannot take a distribution from the 401(k) until separation from State employment or attainment of age 59 ½, except for very limited conditions related to financial hardship. Potential qualifying hardship needs are listed below:
 - Medical Care
 - Principal Residence Repair
 - Principal Residence Purchase
 - Eviction or Foreclosure
 - Post-Secondary Education
 - Funeral Expenses

Contact ING, the 401(k) Plan Administrator, at 1-866-694-2777 or <http://myGapsr.ingplans.com> to obtain an application for financial hardship withdrawal. Additional financial documentation is required and all applications are subject to review and approval or denial.

All distributions from the 401(k) plan are taxable events. In addition, amounts withdrawn prior to age 59 ½ are generally subject to a 10% early withdrawal penalty. In-service distributions upon reaching age 59 ½ are not available for any balance of the employer-matching contributions.

RETURNING TO STATE EMPLOYMENT (without having received a refund)

- Employees vesting with a minimum of ten years of membership service retain all rights, regardless of elapsed time.
- Employees returning within four years retain all rights.
- Employees with less than 10 years of membership service who return after four years have lost membership status. Lost membership accounts are re-established after the employee has returned to State employment and accrues an additional year of creditable service as a new member. However, these employees return under retirement laws in effect at the time of their rehire.

CREDITABLE SERVICE

Membership Service

Only active members can establish service credits. Credit is given for each month of membership contributions based on the percent of salary and contributions reported by the employer and for the following:

Service Prior to Membership

Old Plan: Temporary, full-time State employment prior to ERS membership may be eligible for credit. The employer must certify any prior employment to ERS for this determination.

New & GSEPS Plans: Temporary, full-time State employment prior to ERS membership may be eligible for up to 12 months credit. The member must make application, including employer certification of employment, for this service within 24 months of becoming a member.

NOTE: Service under the Georgia Defined Contribution Plan (GDGP) is not eligible.

Refund Paybacks

Current ERS members who were former members of ERS or the Teachers Retirement System (TRS) who received a refund may establish credits by:

- 1) Completing two additional years of ERS membership, and
- 2) Repaying a lump sum equal to the withdrawn amount plus 4.25% interest charge compounded annually from the date of refund to the date of payment.

Upon receipt of payment, service and the withdrawn amount will be credited to a current, active ERS membership account. (Note: The interest charge is not credited to your individual account and is not refundable should you receive a refund at a later date.)

TRS service transfer to ERS

Active members must submit a written request to transfer TRS credits to ERS.

Other teaching service

Non TRS-covered teacher membership in a county or independent school district

before 7/1/79 (if no eligibility for benefits exists) may be purchased under ERS. The employee pays employee and employer contributions plus interest compounded annually from the last date of service to the date of payment.

Forfeited leave for retirement purposes

Forfeited annual, forfeited sick, and accumulated sick leave that add up to at least 120 days (960 hours) and are certified by the final employing agency may be used toward retirement.

Leave forfeited under a previous ERS membership

All leave earned during employment as an ERS member for which the employee has not been paid and is not entitled to be paid should be included in the total. ERS does not maintain leave records. Forfeited leave is only creditable at retirement. It is the responsibility of the employer to certify all forfeited leave at retirement.

Military credit

All Plans: If a member leaves State service, enters active military duty, and returns to State service, the employee may purchase creditable service for the period of active duty, up to a maximum of 5 years. The ERS Board of Trustees must be notified within six months of the resumption of State employment, and the active member must pay the employee contributions for that period not later than 3 times the length of qualified service or 5 years, whichever is shorter.

If you are called to active duty in the National Guard or reserves, you are permitted to make direct payment of contributions to ERS during or after the active duty period. You must provide ERS a copy of your orders to active duty if you want to continue to pay your retirement contributions while on active duty.

Job-related temporary disability/Leave WithOut Pay (LWOP)

Upon written request, a member on LWOP due to a physical or mental illness or disorder caused by a job-related disease or accident may purchase (within six months of return to State employment) up to 12 months of service in a 5 year period by paying employee contributions plus 4% interest compounded annually. The period of time and cause must be certified by the employer.

“Air Time”

Effective July 1, 2004, O.C.G.A. 47-2-100 gives the option of buying up to three years of service. The cost of this service is the full actuarial cost of the future benefits received and is completely employee funded. However, this service must be purchased at the same time your retirement application is submitted. This service cannot be used to gain the minimum number of years (ten) required for vested benefits.

SERVICE RETIREMENT

Normal Retirement – All Plans

Minimum qualifications are age 60 with at least 10 years of creditable service.

Early Retirement - All Plans

Must have between 25 years and 29 years and 11 months of creditable service and be under age 60. Benefits are calculated using actual years of creditable service with a reduction of 7% for each year under age 60 or each year under 30 years service, whichever is less. There is a maximum reduction of 35%.

30 Year Retirement - All Plans

An employee can retire at any age with at least 30 years creditable service.

34 Year Retirement - Old Plan ONLY.

Retirement can be at any age. Benefits are calculated as if service continued to age 65 without a change in salary.

DISABILITY RETIREMENT

Minimum qualifications are:

- 1) An inability to perform your job or any offered alternative position due to a permanent medical condition(s),
- 2) Active member status,
- 3) At least 13 years and 4 months creditable service for Old and New Plan members or at least 15 years creditable service for GSEPS members.

The entire disability retirement application packet (Parts I-V) must be received by ERS no later than thirty days or earlier than ninety days before the effective retirement date. ERS will not accept incomplete packets. Your employer must also be supplied with a complete copy of your retirement packet and all supporting documentation at the same time you file the application with ERS. The disability retirement applicant must also be placed in leave status, either leave with pay or leave without pay. By filing a disability retirement application, the applicant is stating he or she is unable to perform his or her current job duties and, therefore, should not be working. Returning to work automatically voids the retirement application.

Effective July 1, 2006, the disability retirement applicant's employer is required to offer an alternative position, if available. The requirements for an alternative position are:

- 1) The physical requirements are compatible with the applicant's physical limitations;
- 2) The annual compensation and possibility for future advancement is the same or greater than the applicant's current position;
- 3) The duties are reasonably compatible with the experience and educational qualifications of the applicant;

- 4) It must be a position covered by the Employees' Retirement System; and
- 5) The alternative position must be available and offered to the applicant in writing no later than forty-five days after the disability retirement application has been submitted.

If an alternative position is offered to the applicant, he or she must accept the position or dispute his or her ability to perform in the alternative position in writing. The ERS Medical Board would then determine if the applicant is disabled from both the original position and the alternative position. If the medical board determines the applicant is capable of performing the duties of either position, the disability application is denied.

Disability retirement should not be considered before consultation with ERS and your personnel department.

For active employees who have a current ERS membership date prior to July 1, 2007, a disability retirement is calculated in the following manner:

- 13 years + 4 months through 18 years + 0 months
Benefit equals 75% of an age 60 benefit with no change in salary.
- 18 years + 1 month through 22 years + 9 months
Benefit equals an age 60 benefit with no change in salary.
- 22 years + 10 months through 27 years + 6 months
Benefit equals 75% of an age 65 benefit with no change in salary.
- 27 years + 7 months or more
Benefit equals an age 65 benefit with no change in salary.

Any member who is at least 60 years of age upon disability retirement shall receive the equivalent of a service retirement allowance.

Disability Retirement Changes Effective July 1, 2007

This only affects employees who first or again become a member of ERS on or after July 1, 2007. These employees may be able to retire on disability once they have attained 13 years and 4 months of creditable service and have at least 24 consecutive months as an ERS member, but the service projection to either age 60 or 65 will no longer be applicable.

Disability benefits for these employees will be calculated the same as a service retirement under the New Plan, but without regard to age. The formula for benefit calculation is as follows:

Formula Salary	Average of highest 24 consecutive months of salary as an ERS member
X	
Total Creditable Service	With NO Projection
X	
Benefit Factor	.02

Also, any of these employees who is age 60 or has at least 30 years of creditable service is ineligible to apply for Disability Retirement benefits. But remember, this only applies to employees who first or again become members of ERS on or after July 1, 2007.

Disability Retirement Changes Effective January 1, 2009

This only affects employees who first or again become a member of ERS under the GSEPS Plan on or after January 1, 2009. These employees may be able to retire on disability once they have attained 15 years of creditable service and have at least 24 consecutive months as an ERS member, but the service projection to either age 60 or 65 will no longer be applicable.

The formula for benefit calculation is as follows:

Formula Salary	Average of highest 24 consecutive months of salary as an ERS member
X	
Total Creditable Service	With NO Projection
X	
Benefit Factor	.01

Also, any of these employees who is age 60 or has at least 30 years of creditable service is ineligible to apply for Disability Retirement benefits. But remember, this only applies to employees who first or again become members of ERS on or after January 1, 2009.

Working After Disability Retirement and Disability Earnings Limitations:

A disability retiree is subject to medical re-examination annually for the first five years following retirement and every three years thereafter until age 60. If ERS determines that a disability retiree is engaged in **or is able to engage in a gainful occupation** paying more than the difference between your retirement allowance and the earnable compensation used to calculate retirement, ERS will reduce the pension to an amount which, together with the annuity and the earnable amount, equals the earnable compensation used to calculate the disability retirement allowance.

EXAMPLE: The salary used to calculate benefits is \$3500.00 and the first gross, disability monthly check is \$3000.00. If this retiree earns **or is able to earn** more than \$500.00 per month from gainful employment, the retirement pension will be reduced by the amount over \$500.00.

If the earning capacity changes, the amount of the pension will be further modified. The modified pension can not exceed an amount which, together with the annuity and the amount earnable, equals the compensation used to calculate the disability retirement allowance.

NOTE: Refusal to submit to the medical re-examination may result in a discontinuation of benefits until the re-examination occurs. If the refusal continues for one year, all rights to a pension may be revoked by the Board of Trustees.

If a disability retiree returns to employment in an ERS-covered membership position, the disability retirement allowance will cease and the retiree will again become a contributing member of ERS.

DEATH BENEFITS

The employer notifies ERS if a member dies while in service. ERS then computes any benefits due and notifies the beneficiary.

Death Before Age 60

Old and New Plan - With less than 13 years and 4 months creditable service, the named beneficiary receives a refund of the employee's contributions and interest. With at least 13 years and 4 months creditable service, the named living beneficiary receives a monthly lifetime benefit equal to an Option 2 benefit under disability. GSEPS Plan – With less than 15 years of creditable service, the named beneficiary receives a refund of the employee's contributions and interest and 401(k) Plan funds. For deceased members with at least 15 years creditable service, the named living beneficiary receives a monthly lifetime benefit equal to an Option 2 benefit under disability.

Death After Age 60

With less than 10 years creditable service, the named beneficiary receives a refund of the employee's contributions and interest. With at least 10 years of creditable service, the named living beneficiary receives a monthly benefit calculated as a service benefit with Option 2.

Death While In An Inactive Status

Regardless of age or length of service, if a member dies while in an inactive status, a refund of the employee's contributions and interest is paid to the beneficiary.

Death After Retirement

The family or former employer of a deceased retiree should notify the ERS as soon as possible. ERS will then contact the beneficiary to review benefits and to request the necessary forms.

INVOLUNTARY SEPARATION

Old Plan Members Only

Employees with membership before 4/1/72 and with 18+ years of ERS membership service may be eligible for this benefit at termination under certain circumstances. For more details, contact ERS.

RETIREMENT OPTIONS

Options cannot be changed after the first retirement allowance normally becomes due, except in the specific cases listed below.

If unmarried at the time of retirement, the retiree may change to an actuarially recalculated optional benefit naming a new spouse as primary beneficiary; however:

- 1) This election must be made in writing within six months after the marriage if retired under the Maximum Plan.
- 2) If retired under an optional allowance, the retiree must revoke the original option and elect, in writing, option 2, 3, 4, 5A, or 5B with the new spouse as primary beneficiary at any time after the marriage.

Under the Maximum Plan or Option 1, beneficiaries may be changed at any time.

Maximum Plan: This provides the largest monthly benefit. Payments end at death. Only the benefit check for the month of death is paid to the retiree's designated beneficiary or estate.

Option 1: A slightly reduced monthly benefit. Any balance of contributions and interest and the benefit check for the retiree's month of death are paid to the designated beneficiary or estate.

Under Options 2, 3, and 4 the following restrictions apply:

The right to change the primary beneficiary is limited.

If divorce occurs with a spouse as the sole, primary beneficiary, the retiree may change to the Maximum Plan. After one year of remarriage or the birth of a child, whichever is earlier, the retiree may again choose the original option and name the new spouse as the sole, primary beneficiary with actuarially recalculated benefits.

If a spouse as sole, primary beneficiary predeceases the retiree, after one year of remarriage or the birth of a child, whichever is earlier, the retiree may name the new spouse as sole, primary beneficiary with an actuarially recalculated benefit. The retiree may not change to the Maximum Plan.

If a dependent child (as defined by the Internal Revenue Code 1986) as sole, primary beneficiary predeceases the retiree and the retiree is married or subsequently remarries, one year after the death of the dependent child, or in the case of remarriage one year after the date of remarriage, the retiree may elect to begin an actuarially reduced benefit and name the spouse as sole, primary beneficiary.

Option 2: A reduced monthly benefit for life. After death the named living primary beneficiary, designated at retirement, will receive the same benefit for life.

Option 3: A reduced monthly benefit for life. After death the named living primary

beneficiary, designated at retirement, will receive one-half of the same benefit for life.

Option 4: This is an individualized option which should not be chosen without consultation with ERS. The retiree can:

- a) Specify an amount for the beneficiary, designated at retirement, to receive after the retiree's death;
- b) Specify an amount the retiree will receive;
- c) Guarantee the benefit for a specific number of years (in multiples of five years only); NOTE: Any remaining benefits are paid in a lump sum.
- d) Request an accelerated benefit of 135% for the first five, continuous years, with an actuarially reduced benefit thereafter. NOTE: With this option your named beneficiary will receive only the check for the month of your death.

Under Options 5A and 5B, the following restrictions apply:

The sole, primary beneficiary must be a spouse or a dependent child (as defined by the IRC 1986).

The designated sole, primary beneficiary can be changed only after a divorce or the death of the beneficiary.

If the spouse as sole, primary beneficiary predeceases or divorces the retiree, a change to the Maximum Plan may be made. After one year of remarriage or the birth of a child, whichever is earlier, the retiree may elect to begin an actuarially reduced benefit under the same option, with the new spouse as the sole, primary beneficiary.

If a dependent child as sole, primary beneficiary predeceases the retiree, a change to the Maximum Plan may be made. If the retiree is married or subsequently remarries, one year after the death of the dependent child, or in the case of remarriage, one year after the date of remarriage, the retiree may elect to begin an actuarially reduced benefit under the same option, with the spouse as the sole, primary beneficiary.

Option 5A: This option provides a reduced monthly benefit for life. After death, the named living primary beneficiary, designated at retirement, will receive the same amount for life.

Option 5B: This option provides a reduced monthly benefit for life. After death, the named living primary beneficiary, designated at retirement, will receive one-half of the same benefit for life.

Option 6 – PLOP (Partial Lump-sum Option Payment)

In addition to a selected retirement option, a retiree can receive a one-time lump-sum payment. However, choosing a PLOP will permanently reduce the life-time retirement benefit and, if applicable, that of the beneficiary. The retiree's age and lump-sum amount determines the amount of reduction.

PLOP amounts must be:

- a) Between one month (rounded up to the nearest thousand) and thirty-six months

(rounded down to the nearest thousand) of the normal retirement allowance calculated under the Maximum Plan, and
b) In \$1,000 increments.

The combination of both the PLOP distribution and the reduced monthly allowance has the same actuarial value as the unreduced normal retirement allowance alone. Below is a table showing the monthly reduction for each \$1,000 lump sum by age at retirement under the Maximum Plan:

Age	Cost per \$1000
50	7.07
51	7.15
52	7.23
53	7.32
54	7.41
55	7.51
56	7.62
57	7.74
58	7.86
59	7.99
60	8.13
61	8.28
62	8.44
63	8.61
64	8.79
*65	8.98
66	9.19
67	9.41
68	9.65
69	9.90
70	10.18

**Old Plan members who are under age 65 and retire with 34 or more years creditable service use the age 65 factor*

Only service retirees are eligible to receive a PLOP.

EXCEPTION: Service retirees who choose an early retirement – under age sixty with between twenty-five years and twenty-nine years and eleven months of creditable service – cannot receive a PLOP.

Disability retirees are not eligible to receive a PLOP.

THE RETIREMENT PROCESS

Members who have chosen a retirement date and have a recent estimate should request a retirement packet from ERS or download a copy from our website: www.ersga.org. The packet contains retirement information, as well as all the necessary ERS forms. Or you can attend one of our WRAP programs. This workshop is designed specifically for members about to retire and should only be attended within 30 to 90 days of the effective date of retirement. Check our website for dates.

ERS cannot accept the retirement application more than 90 days prior to the retirement date, and it must be in this office at least 30 days before the retirement date to process on time. The application is considered filed only when ERS has received it.

Retirement always begins on the first of a month. The first retirement check is mailed on the last business day of your initial payroll month. All subsequent payments will be direct deposited on the last business day of each month.

Also, retirees can contribute virtually all of their terminal (unused) annual leave into the PSR 457 plan and defer paying taxes on this lump sum. You can use an existing account, or a new account can be established just for this payment. Check with your payroll office to sign up before you retire. The Annual Leave Agreement to make this deduction can be downloaded from our website: www.ersga.org.

BENEFIT CALCULATIONS

All ERS Plans have certain characteristics in common:

- 1) A monthly retirement benefit cannot exceed 90% of the highest salary received by the member.
- 2) Federal law places certain limits on retirement benefits. Members will be advised if these laws affect individual benefits.
- 3) Final conviction of certain crimes may affect membership/benefits. Consult ERS if further information is needed.
- 4) Benefit calculations are determined by salary, years of service, and a benefit formula factor.
- 5) The formula salary is the average of the highest 24 consecutive months of salary while a member of ERS.
- 6) If you retire with between 25 and 30 years of service and are under age 60, benefits are calculated on your years of creditable service with a 7% reduction of benefits for each year under 30 or each year under age 60, whichever is lowest, up to a maximum reduction of 35%.

Member age 57
25 years creditable service
Formula salary = \$2,088*

$\$2,088 \times .02 \times 25 \text{ years} = \$1,044 \times .21 = \$219.24$
(7% reduction for each year under age 60)
 $\$1,044 - 219.24 = \824.76 Maximum Plan monthly lifetime benefit of retiree only

Example: Disability Retirement

Member age 50
15 years creditable service (75% of benefit as if worked to age 60)
Formula salary = \$2,088*

15 years creditable service
10 years projection of service from age 50 to age 60
25 years formula service

$\$2,088 \times .02 \times 25 \text{ years} \times .75 = \783 retiree's monthly lifetime benefit as if age 60

* Formula Salary includes employee "pick-up" of 4.75% less \$7

Example: Death Benefit

Member age 55 dies in service
20 years creditable service (100% of benefit as if worked to age 60 and retired under Option 2)
Formula salary = \$2,088*
Beneficiary age 52

20 years creditable service
5 years projection of service from age 55 to age 60
25 years formula service

$\$2,088 \times .02 \times 25 \text{ years} = \$1,044$ monthly Maximum Plan lifetime benefit of retiree only

Option 2 benefit (100% to 57 year old beneficiary)

$\$1,044 \times .844$ (Option 2 factor) = \$881.14 monthly lifetime beneficiary benefit

* Formula Salary includes employer "pick-up" of 4.75% less \$7

NEW PLAN CALCULATIONS

(CURRENT MEMBERSHIP DATE ON OR AFTER JULY 1, 1982)

The formula for the Maximum Plan is:

Formula		Benefit Formula		Creditable
Salary	X	Factor (2.0%)	X	Service

Example: Service Retirement

Member age 65
20 years creditable service
Formula salary = \$2,000
Beneficiary age 60

Maximum Plan:

$\$2,000 \times .02 \times 20 \text{ years} = \800 Maximum Plan monthly lifetime benefit of retiree only

Option 3 (50% to 60 year old beneficiary):

$\$800 \times .886$ (Option 3 factor) = \$708.80 retiree's monthly lifetime benefit

$\times .50$

\$354.40 beneficiary's monthly lifetime benefit after retiree's death

Example: Service Retirement

Member age 57
25 years creditable service
Formula salary = \$2,000

$\$2,000 \times .02 \times 25 \text{ years} = \$1,000 \times .21 = \$210$ (7% reduction for each year under age 60)

$\underline{-210}$

\$790 Maximum Plan monthly lifetime benefit of retiree only

Example: Disability Retirement

Member age 50
15 years creditable service (75% of benefit as if worked to age 60)
Formula salary = \$2,000

15 years creditable service

10 years projection of service from age 50 to age 60

25 years formula service

$\$2,000 \times .02 \times 25 \text{ years} \times .75 = \750 Maximum Plan monthly lifetime benefit as if retiree is age 60

Example: Death Benefit

Member age 55 dies in service
20 years creditable service (100% of benefit as if worked to age 60 and retired under option 2)

Formula salary = \$2,000
Beneficiary age 52

20 years creditable service
5 years projection of service from age 55 to age 60
25 years formula service

\$2,000 X .02 X 25 years = \$1,000 member's Maximum Plan monthly lifetime benefit

Option 2 benefit (100% to 57 year old beneficiary)

\$1,000 X .844 (Option 2 factor) = \$844 monthly lifetime benefit to beneficiary

GSEPS PLAN CALCULATIONS

(CURRENT MEMBERSHIP DATE ON OR AFTER January 1, 2009)

The formula for the Maximum Plan is:

Formula		Benefit Formula		Creditable
Salary	X	Factor (1.0%)	X	Service

Example: Service Retirement

Member age 65
20 years creditable service
Formula salary = \$2,000
Beneficiary age 60

Maximum Plan:

\$2,000 X .01 X 20 years = \$400 Maximum Plan monthly lifetime benefit of retiree only

Option 3 (50% to 60 year old beneficiary):

\$400 X .886 (Option 3 factor) = \$354.40 retiree's monthly lifetime benefit

X .50
\$177.20 beneficiary's monthly lifetime benefit after retiree's death

Example: Service Retirement

Member age 57
25 years creditable service
Formula salary = \$2,000

$\$2,000 \times .01 \times 25 \text{ years} = \$500 \times .21 = \$105$ (7% reduction for each year under age 60)
-105
\$395 Maximum Plan monthly lifetime benefit of retiree only

Example: Disability Retirement

Member age 50
15 years creditable service
Formula salary = \$2,000

15 years creditable service
0 years projection of service
15 years formula service

$\$2,000 \times .01 \times 15 \text{ years} = \300 Maximum Plan monthly lifetime benefit

Example: Death Benefit

Member age 55 dies in service
20 years creditable service (benefit as if retired under option 2)
Formula salary = \$2,000
Beneficiary age 52

20 years creditable service
0 years projection of service
20 years formula service

$\$2,000 \times .01 \times 25 \text{ years} = \250 member's Maximum Plan monthly lifetime benefit

Option 2 benefit (100% to 52 year old beneficiary)

$\$250 \times .878$ (Option 2 factor) = \$219.50 monthly lifetime benefit to beneficiary

SURVIVOR OPTION REDUCTION FACTORS

The percentages in the following tables show the proportion of maximum benefit payable to a retiree choosing a survivor benefit. To calculate Options 2, 3, 5A & 5B, find the percentage relating to the retiree and beneficiary ages at the date of retirement and multiply by the maximum benefit. For multiple beneficiaries or retiree/beneficiary ages not listed in the table, contact the ERS office.

For calculations of service projected to age 60 or 65 (New and Old Plan members retiring

under disability or death-in-service or Old Plan members under age 65 and with 34 or more years of creditable service) use the projected ages for both the retiree and the beneficiary.

OPTION 2 FACTORS						
BEN AGE	RETIRING MEMBER'S AGE					
	60	61	62	63	64	65
55	83.4%	82.1%	80.7%	79.3%	77.9%	76.4%
56	83.9%	82.6%	81.3%	79.9%	78.5%	77.0%
57	84.4%	83.2%	81.9%	80.5%	79.1%	77.6%
58	85.0%	83.7%	82.4%	81.1%	79.7%	78.2%
59	85.5%	84.3%	83.0%	81.7%	80.3%	78.9%
60	86.1%	84.9%	83.7%	82.3%	81.0%	79.6%
61	86.7%	85.5%	84.3%	83.0%	81.6%	80.3%
62	87.2%	86.1%	84.9%	83.6%	82.3%	81.0%
63	87.8%	86.7%	85.5%	84.3%	83.0%	81.7%
64	88.3%	87.3%	86.1%	84.9%	83.7%	82.4%
65	88.9%	87.9%	86.8%	85.6%	84.4%	83.1%
66	89.5%	88.5%	87.4%	86.3%	85.1%	83.8%
67	90.0%	89.1%	88.0%	86.9%	85.8%	84.6%
68	90.6%	89.7%	88.7%	87.6%	86.5%	85.3%
69	91.1%	90.2%	89.3%	88.3%	87.2%	86.1%
70	91.7%	90.8%	89.9%	89.0%	87.9%	86.8%

OPTION 3 FACTORS						
BEN AGE	RETIRING MEMBER'S AGE					
	60	61	62	63	64	65
55	90.9%	90.1%	89.3%	88.5%	87.5%	86.6%
56	91.2%	90.5%	89.7%	88.8%	87.9%	87.0%
57	91.5%	90.8%	90.0%	89.2%	88.3%	87.4%
58	91.9%	91.1%	90.4%	89.5%	88.7%	87.8%
59	92.2%	91.5%	90.7%	89.9%	89.1%	88.2%
60	92.5%	91.8%	91.1%	90.3%	89.5%	88.6%
61	92.8%	92.2%	91.4%	90.7%	89.9%	89.0%
62	93.2%	92.5%	91.8%	91.1%	90.3%	89.5%
63	93.5%	92.8%	92.2%	91.5%	90.7%	89.9%
64	93.8%	93.2%	92.5%	91.8%	91.1%	90.3%
65	94.1%	93.5%	92.9%	92.2%	91.5%	90.8%
66	94.4%	93.9%	93.3%	92.6%	91.9%	91.2%
67	94.7%	94.2%	93.6%	93.0%	92.3%	91.6%
68	95.0%	94.5%	94.0%	93.4%	92.7%	92.1%
69	95.3%	94.9%	94.3%	93.8%	93.2%	92.5%
70	95.6%	95.2%	94.7%	94.1%	93.6%	92.9%

OPTION 5A FACTORS						
BEN AGE	RETIRING MEMBER'S AGE					
	60	61	62	63	64	65
55	82.4%	81.1%	79.7%	78.3%	76.8%	75.3%
56	82.8%	81.5%	80.2%	78.8%	77.3%	75.8%
57	83.3%	82.0%	80.6%	79.3%	77.8%	76.4%
58	83.7%	82.4%	81.1%	79.8%	78.3%	76.9%
59	84.2%	82.9%	81.6%	80.3%	78.9%	77.4%
60	84.6%	83.4%	82.1%	80.8%	79.4%	78.0%
61	85.1%	83.9%	82.6%	81.3%	80.0%	78.5%
62	85.6%	84.4%	83.1%	81.8%	80.5%	79.1%
63	86.0%	84.9%	83.7%	82.4%	81.1%	79.7%
64	86.5%	85.4%	84.2%	82.9%	81.6%	80.3%
65	87.0%	85.9%	84.7%	83.5%	82.2%	80.9%
66	87.5%	86.4%	85.2%	84.0%	82.8%	81.5%
67	87.9%	86.9%	85.8%	84.6%	83.4%	82.1%
68	88.4%	87.4%	86.3%	85.2%	84.0%	82.7%
69	88.9%	87.9%	86.8%	85.7%	84.6%	83.4%
70	89.4%	88.4%	87.4%	86.3%	85.2%	84.0%

OPTION 5B FACTORS						
BEN AGE	RETIRING MEMBER'S AGE					
	60	61	62	63	64	65
55	90.3%	89.5%	88.6%	87.8%	86.8%	85.9%
56	90.5%	89.8%	88.9%	88.1%	87.1%	86.2%
57	90.8%	90.0%	89.2%	88.4%	87.5%	86.5%
58	91.1%	90.3%	89.5%	88.7%	87.8%	86.9%
59	91.4%	90.6%	89.8%	89.0%	88.1%	87.2%
60	91.6%	90.9%	90.1%	89.3%	88.5%	87.6%
61	91.9%	91.2%	90.4%	89.6%	88.8%	87.9%
62	92.2%	91.5%	90.7%	90.0%	89.1%	88.3%
63	92.5%	91.8%	91.0%	90.3%	89.5%	88.6%
64	92.7%	92.1%	91.4%	90.6%	89.8%	89.0%
65	93.0%	92.4%	91.7%	90.9%	90.2%	89.4%
66	93.3%	92.6%	92.0%	91.3%	90.5%	89.7%
67	93.5%	92.9%	92.3%	91.6%	90.9%	90.1%
68	93.8%	93.2%	92.6%	91.9%	91.2%	90.5%
69	94.1%	93.5%	92.9%	92.3%	91.6%	90.9%
70	94.3%	93.8%	93.2%	92.6%	91.9%	91.2%

BENEFIT ESTIMATES

If you are within two years of retirement, download a copy of the Benefit Estimate Request Form from our website: www.ersga.org and mail or FAX the completed form to our office. If requesting an estimate by letter or phone, we will need the following information:

- 1) Social Security Number
- 2) Employer
- 3) Salary information for the past 24 months
- 4) Hours of sick and forfeited leave
- 5) Beneficiary name, relationship, and birth date
- 6) Mailing address or reply phone / fax number

If you are more than two years from retirement, use the Benefit Estimate Calculator found on our website: www.ersga.org.

AFTER RETIREMENT

Cost Of Living Adjustments (COLA)

Semi-annual (January and July) COLAs are authorized by the Board of Trustees if sufficient funds are available. The COLAs are granted to retirees who are at least 45 years old (disability retirees have no age limit) and who have been receiving retirement benefits for at least 7 months. Exceptions are those who retire under age 60 with between 25 and 30 years of service. These retirees are eligible to begin receiving COLAs at age 60 or when they would have had 30 years service had they continued to work, whichever is less.

COLAs apply to benefits not in excess of the Social Security wage base for the year issued.

Deductions

The only deductions that may be made from your retirement check are: 1) Federal income tax, 2) Georgia state income tax, 3) Health insurance premiums, 4) Dental insurance premiums, 5) GTLI premiums (if applicable), and 6) some Credit Unions.

Taxes

The contributions you made during membership are pro-rated using tables found in the Internal Revenue Code to provide a partial tax exemption each calendar year. Everything else is subject to federal and state income taxes. When the contributions are exhausted, the total benefit check is taxable. Each year a 1099R is issued to every retiree to identify taxable retirement benefits when filing for income taxes.

Withholding forms (W4P for federal and G4-P for Georgia state taxes) are included in your retirement packet. Additional forms are available upon request from this office or may be downloaded from our website: www.ersga.org.

Re-employment after retirement

All retirees, except disability retirees and certain retirees of the Uniform Division of the Department of Public Safety, who are re-employed by an employer participating in ERS are limited to no more than 1,040 hours of work during a calendar year. Retirement benefits will be suspended for the remainder of the calendar year if you work over the 1,040 hours.

Disability Earnings Limitations

A disability retiree is subject to medical re-examination annually for the first five years following retirement and every three years thereafter until age 60. If ERS determines that a disability retiree is engaged in **or is able to engage in a gainful occupation** paying more than the difference between your retirement allowance and the earnable compensation used to calculate retirement, ERS will reduce the pension to an amount which, together with the annuity and the earnable amount, equals the earnable compensation used to calculate the disability retirement allowance.

EXAMPLE: The salary used to calculate benefits is \$3500.00 and the first gross, disability monthly check is \$3000.00. If this retiree earns **or is able to earn** more than \$500.00 per month from gainful employment, the retirement pension will be reduced by the amount over \$500.00.

If the earning capacity changes, the amount of the pension will be further modified. The modified pension can not exceed an amount which, together with the annuity and the amount earnable, equals the compensation used to calculate the disability retirement allowance.

NOTE: Refusal to submit to the medical re-examination may result in a discontinuation of benefits until the re-examination occurs. If the refusal continues for one year, all rights to a pension may be revoked by the Board of Trustees.

If a disability retiree returns to employment in an ERS-covered membership position, the disability retirement allowance will cease and the retiree will again become a contributing member of ERS. Disability retirees should contact ERS upon re-employment.

Members who retired with a normal, service retirement as an officer or a trooper of the Uniform Division may accept full-time or part-time employment as a radio operator or a driver's license examiner with the Department of Public Safety with no loss of ERS retirement benefits through June 30, 2007. No employee benefits will accrue during the period of re-employment.

GROUP TERM LIFE INSURANCE (GTLI) (Old and New Plan ONLY)

Participation in the Employees' Retirement System GTLI program is mandatory and a condition of employment for all ERS members covered under the Old or New Plans. **Employees under the GSEPS Plan do not have coverage in the ERS GTLI program.**

Generally, active ERS members under the Old or New Plans are covered for 18 times their monthly salary. At age 60, the salary for GTLI computation is frozen. If you retire prior to age 60, the final reported monthly salary is used for GTLI computation.

If you do not have creditable state service prior to 4/1/64:

Coverage decreases at age 60 by ½% per month until age 65 when coverage equals

70% of the age 60 amount. (No further reduction after retirement.)

Retirees pay no premiums, and the amount of coverage is 70% of the age 60 amount. Disability retirees retain full coverage until age 60, when it reduces to 70%.

If you have creditable state service before 4/1/64:

Coverage remains at the age 60 level. If an employee terminates, receives a refund of contributions, then returns to a position covered by the ERS and re-establishes the service prior to 4/1/64, non-decreasing coverage is re-established.

Retirees (including disability retirees) retain full coverage held at age 60. Premiums of $\frac{1}{2}$ of 1% of the final monthly salary are deducted from the monthly retirement benefit.

Employee premiums are $\frac{1}{4}$ of 1% of the monthly salary and are included in the employee monthly retirement contribution. Premiums are not refundable for covered members.

Coverage while on Leave WithOut Pay (LWOP)

Coverage while on LWOP may be retained by members with 1 year of membership service if a written request is made to ERS to continue this coverage. This coverage may be kept for a maximum of 4 years. **Coverage terminates if a written request is not filed with ERS.** A copy of the GTLI Leave WithOut Pay Continuation Form can be found on our website: www.ersga.org.

Anyone accepting employment outside of State government is not eligible to retain this coverage. Premiums in the amount of 1% of the final monthly salary accumulate each month while on LWOP and are due at the time of refund or retirement.

GTLI while inactive and vested with at least 18 years of service

If a member terminates employment and vests his/her retirement with at least 18 years of creditable service (excluding forfeited leave), GTLI coverage is automatically retained. Premiums in the amount of 1% of the final monthly salary accumulate each month while vested, and are due at retirement, refund, or death. *This coverage can be discontinued only by a written request to ERS, and premiums will continue to accrue until this request is received by this office.*

Members with state service credits before 4/1/64, retain the full amount of coverage held at termination. Coverage continues after retirement with premiums of $\frac{1}{2}$ of 1% of the final monthly salary.

For members who terminated employment prior to July 1, 1998 and vested with at least 18 years of creditable service, full coverage is retained until retirement, at which time coverage reduces to 40% with no further premiums due.

Members with at least 18 years of vested creditable service who terminated July 1, 1998 or later retain full coverage until retirement, at which time coverage reduces to

70% with no further premiums due.

Employees under the GSEPS Plan do not have coverage in the ERS GTLI program.

BENEFICIARIES

There are three types of benefits for which beneficiaries must be designated:

- 1) Retirement Pension Benefit
- 2) 401(k) Account
- 3) Group Term Life Insurance (GTLI) – Old and New Plan members ONLY

For active ERS membership accounts under the Old or New Plans, monthly benefits are payable to a living beneficiary if the member is under age 60 and has at least 13 years and 4 months of creditable service or the member is age 60 or older and has at least 10 years creditable service at the time of death.

For active accounts under the GSEPS Plan, monthly benefits are payable to a living beneficiary if the member is under age 60 and has at least 15 years of creditable service or the member is age 60 or older and has at least 10 years of creditable service.

ERS will pay a refund of contributions for any member with less than the above specified service or who does not have a living person listed as beneficiary at the time of death.

Group Term Life Insurance is always paid as a lump sum and can be paid to a living beneficiary(ies) or to an Estate. **Employees under the GSEPS Plan do not have coverage in the ERS GTLI program.**

Designating Your Beneficiary(ies) -

A primary and contingent (also known as a secondary beneficiary) must be designated for both the retirement benefits and the GTLI (if applicable). (NOTE: If Estate is listed as the primary beneficiary, no contingent beneficiary is necessary.) The primary and contingent beneficiaries do not share benefits. The contingent beneficiary is only valid if the primary is deceased at the time of the member's death or the primary beneficiary does not survive the member by at least 32 days.

Two or more persons may be designated to share benefits by:

- a) Writing all the names, addresses, relationships, and birth dates in the appropriate space on the beneficiary form, or
- b) Attaching a separate, signed sheet of paper listing your beneficiaries and how to divide the retirement benefits, including the GTLI (if applicable).

401(k) Account –

You must designate your 401(k) beneficiary(ies) directly with ING, the 401(k) Plan administrator by accessing your account at <http://myGAPsr.ingplans.com>. If you are married you must designate your spouse as 100% primary beneficiary, unless your spouse signs a waiver agreeing to a different beneficiary designation.

Any life-changing event, including marriage, divorce, birth of a child, or a death, is an important time to review beneficiaries listed with both ERS and ING. 401(k) beneficiary updates can be made at any time on-line by accessing your 401(k) account. ERS Change of Beneficiary forms are available in personnel offices, from ERS, or can be downloaded from our website, but changes are not effective until **received** by ERS.

EDUCATIONAL PROGRAMS

For more information about retirement, 401(k) investing and planning for your financial future, plan on attending a seminar offered by the Employees' Retirement System of Georgia. The schedule of seminars is available on our website at www.ersga.org. Through our educational programs, ERS has been helping state employees understand retirement and financial benefits since 1971.