

February 13, 2025

MEMORANDUM

TO: Members of the Board of Trustees
Employees' Retirement System of Georgia

FROM: James A. Potvin, Executive Director

SUBJECT: Bi-Monthly Meeting of the Board of Trustees
Monthly Meeting - Investment Committee
Thursday, February 20, 2025

The bi-monthly meeting of the Board of Trustees of the Employees' Retirement System will be held on **Thursday, February 20, 2025 at 10:30 A.M.** Trustees, interested parties, and members of the public may attend in person or remotely.

To access the meeting by conference call, dial (602) 333-0032 or toll free (888) 270-9936, using conference/access code 421787 and password/security code 823179. The meeting ID is 833 3420 4695. Please make sure to list yourself in the name field. Video teleconference instructions will be sent separately to the Board and other internal staff.

The meeting will be held in the Employees' Retirement System Board Room, First Floor, Two Northside 75, Atlanta, Georgia. Parking spaces at the front of the building will be reserved for Board members.

Please see the attached agenda package.

The **Investment Committee** meeting will precede the Board meeting at **9:00 A.M.** in the Investment Conference Room, Suite 500, Two Northside 75, Atlanta, Georgia. The agenda for the Investment Committee meeting, as well as teleconference instructions, will be mailed separately by the Division of Investment Services.

c:

Bryan Webb	Patrick Love	Ben Mobley
Katie Stoff	Austin Trott	Darby Carraway
Ryan Kolb	Brent Churchwell	Bill Cary
Christine Hayes	Lindsay McVicar	Tom Horkan
Rick Dunn	Elizabeth Holcomb	Mike Majure
Jessica Johnson	Alicia Bohannon	Laura Lanier
Alison Kaye	Kelsey Finn	Mike Jackson
Chase Jones	Dan Regenstein	Buster Evans
Christine Murdock	Autumn Cole	
Sara Arroyo	Ed Koebel	

AGENDA
BI-MONTHLY MEETING OF BOARD OF TRUSTEES
EMPLOYEES' RETIREMENT SYSTEM
February 13, 2024
10:30 A.M.

1. Call to order by Chair.
2. Approve minutes of bi-monthly meeting of December 12, 2024.
[Agenda Package "A"]
3. Ratify action of Investment Committee at monthly meetings of December 12, 2024 and January 22, 2025. [Agenda Package "B"]
4. Review the Secretary's Report. [Agenda Package "C"]
5. Review updated ERS financial status in preparation for annual meeting.
6. Propose Amendment to the Official Rules and Regulations for ERS.
[Agenda Package "D"]
7. Executive Session to discuss personnel matters.
8. Consideration of salary increase for Executive Director.
9. Other business.
10. Adjournment.

EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
MINUTES OF BI-MONTHLY MEETING OF BOARD OF TRUSTEES
BETA BUILDING, BOARD ROOM, FIRST FLOOR
December 12, 2024
10:30 A.M.

The following Trustees were in attendance: Homer Bryson, Chair; Frank F. Thach, Jr., Vice Chair; Eli Niepoky; and Greg Griffin. Rebecca Sullivan; Rhonda Wilson; and Steve McCoy attended via teleconference.

Administrative and support personnel in attendance: Jim Potvin, Executive Secretary (Executive Director); Michelle Heinecke, Executive Assistant to the Director; Angie Surface, Deputy Director and Peach State Reserves Division Director; Susan Anderson, Chief Operating Officer and Member Services Division Director; Kelly Moody, Legislative Affairs Division Director; Georgianna Pennell, Legal and Policy Research Analyst; Chris Hackett, Information Technology Division Director; Danielle Templeton, Communications Division Director; Jennifer Peake, Financial Management Division Director; Anna Geist, Quality Assurance Senior Manager; Laura Reidy-Puckett, Developer/Programmer Supervisor; Quentin Peterson, Support Center Supervisor; and Laura Lanier, Chief Financial Officer, Teachers Retirement System of Georgia.

Also present were Chase Jones, Education Division Coordinator, Office of Planning and Budget; Beverly Littlefield and Chuck Clay, Georgia State Retirees Association; and a few retirees.

Chair Homer Bryson called the meeting to order.

Motion was made by Greg Griffin, seconded by Frank Thach, and unanimously adopted to approve the Minutes of the bi-monthly meeting of October 17, 2024.

Motion was made by Eli Niepoky, seconded by Frank Thach, and unanimously adopted approving and confirming all actions of the Investment Committee as set forth in the Investment Committee Minutes of October 17, 2024 and November 21, 2024.

Mr. Potvin reviewed the Secretary's Report, pointing out the following:

- Fund market values bounced back in November, showing good growth from June to November of 2024. As of today the fiscal year-to-date rate of return is 8%, the same as it was at the end of November, shaping a good start to fiscal year 2025.
- Contributions accrued through October 31, 2024 remain on track and ERS has received all employer contributions due to date. ERS remains on pace to receive over \$900 million in employer contributions fiscal year 2025.
- Active contributing membership growth remains consistent for ERS, as well as for the Public School Employees Retirement System (PSERS), showing an increase from June to October due to robust hiring across the State of Georgia.
- As of November 27, 2024, there are 78,570 ERS retirees and beneficiaries as the growth trend in retiree payroll continues at a very slow pace. Similar to previous years, October and November were quieter months for retirements this year and the number of retirements have declined from July to November, the second half of 2024. Retirements will pick back up in January.
- The total number of refunds continues to be stronger this year than last year over the past several months. Mr. Potvin stated that as the work force grows, there will be more transactions throughout the various areas of the system.
- There are over 44,000 active Georgia State Employees' Pension and Savings (GSEPS) members. As the hiring trend continues, the GSEPS plan has shown very steady growth in for the past two years.
- As a result of the increase in GSEPS membership, salaries and employer match will be higher each month on a year over year basis.

- Aside from PSERS showing a decline, retirement eligible members have remained steady in all the other plans. Retirement eligible members are active members that are currently eligible for retirement.
- Project Updates
 - Communications
 - Completed filming of the Navigating Your Retirement Video Series in November and is currently in post-production.
 - A significant amount of outreach was done for National Retirement Security Month in October, including email communications with infographics and games, a financial education quiz, new presentations focused on personal finance and how that works in retirement, and tour stops.
 - Financial Management
 - Cleared two-thirds of the Georgia Defined Contribution Plan (GDGP) outstanding checks greater than \$1,000.
 - Preparing for year-end tax reporting
 - Rebranding the Financial Management Division to rename it Employer Services, which should be completed by the end of January.
 - Human Resources
 - Completed the GA@Work SIT testing and NetGen Phase 2 data validation.
 - Shepherded the agency through the Health and Flexible Benefits Open Enrollment period, hosting training info sessions, and answering questions.
 - Recognized for scoring in the top tier of the Department of Administrative Services (DOAS) HR assessment.
 - Information Technology
 - Continuing the Pension And Retirement Information System (PARIS) re-write project. Divided into eight segments, the second group of panels has been released for testing, as the first group of panels approaches the end of testing.
 - Hired a Security Manager to lead the newly added security group, within the IT division.
 - Legislative Affairs
 - Mr. Potvin reviewed four bills that ERS is proposing this legislative session.
 - Raise the allowable percentage of assets ERSGA may invest into alternative investments from the current 5% cap to 10%.
 - Allow members to rollover Peach State Reserves (PSR) Roth funds into an annuity for Supplemental Guaranteed Lifetime Income (SGLI).
 - Work with Teachers Retirement System (TRS) to clarify statute regarding the allocation of assets for members that transfer service between ERS and TRS, specifically within the GSEPS tier.
 - Clarify statute regarding the 90 day window for members of the Judicial Retirement System (JRS) to receive creditable service for prior membership in ERS while actively contributing to JRS.
 - Peach State Reserves
 - 2025 Open Enrollment resulted in 3,500 net increases across both Pre-tax and Roth PSR plans.
 - Workday implementation will take place on April 1, 2025 for both the defined benefit and defined contribution plans.

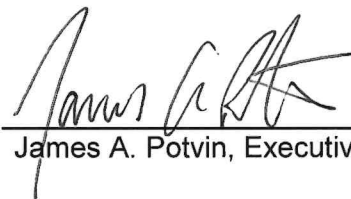
- Setting Every Community Up for Retirement Enhancement (SECURE) 2.0 Act includes a provision allowing super catch-up contributions for individuals over age 50 enrolled in a 401k or 457 plan. This allows an additional \$7,000 over the normal contribution allowance of \$22,500. Starting next year, there will be a super catch-up for age 60 to 63 that is 50% higher than the catch-up amount.
 - Mr. Potvin reviewed the 2025 contribution limits.
 - Under age 50 - \$23,500
 - General over age 50 - \$31,000
 - Age 60-63 only - \$34,470
- The annual Alight Financial Advisor (AFA) campaign ran during the month of October. 224 members signed up for online free advice and 297 members signed up for professional management, which is a paid service. As of the end of November, 8,700 members are enrolled in the professional management option, which is roughly 10% of the PSR population.

Mr. Potvin completed the secretary's report.

Motion was made by Frank Thach, seconded by Greg Griffin, to approve the proposed board meeting dates for calendar year 2025.

Mr. Potvin pointed out that the first Investment Committee meeting is on a Wednesday. He also mentioned that the National Association of Government Defined Contribution Administrators (NAGDCA) conference is added to the conference section at the bottom.

With no further business, motion was made by Frank Thach, seconded by Greg Griffin, and unanimously adopted to adjourn the meeting.



James A. Potvin, Executive Secretary

Approved and adopted this 20th day of February 2025.

Homer Bryson, Chair

MINUTES OF REGULARLY SCHEDULED MEETING - DECEMBER 12, 2024

**EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
INVESTMENT COMMITTEE**

MEMBERS PRESENT: Eli P. Niepoky, Chair
Homer Bryson
Greg S. Griffin
Frank F. Thach, Jr.

NON-VOTING MEMBER: James A. Potvin

STAFF PRESENT: Charles W. Cary, Jr.
Thomas A. Horkan
Michael K. Majure
Sherry Quarello
Clanton C. Shipp, III
Matthew L. Wolfersberger
Angie Surface

LOCATION: Division of Investment Services' Conference Room
Beta Building
Atlanta, Georgia

1. Call to Order

The meeting was called to order by the Chair, Ms. Niepoky.

2. Adoption of Minutes of Previous Meeting

A motion was made by Mr. Thach, and seconded by Mr. Bryson, to adopt the Minutes of the November 21, 2024 Regularly Scheduled Meeting of the Investment Committee. After full discussion, the motion was unanimously adopted.

3. Designation of Dealer Commissions for Calendar Year 2025

Ms. Quarello discussed in detail the System's policy concerning the distribution of commission business to investment dealers. It was pointed out that it has been the desire of the Retirement System to control such allocations so as to ensure fair and equitable distribution of such business to the dealers located in the State of Georgia providing institutional services to the Retirement System. All such approved dealers located in the State are evaluated annually by the Division of Investment Services. Ms. Quarello presented for consideration the rating system used to evaluate security dealers located in the State of Georgia for both domestic and, where applicable, foreign as presented in Minutes Exhibit "1".

It was noted that all assignments are in total and will be divided among all Funds as needed. Mr. Cary recommended that 10% be set aside for "Unassigned" for use as deemed necessary by the Chief Investment Officer of the Division of Investment Services for the benefit of the Systems. Mr. Cary also requested that the Commission Designation and the Broker Evaluation Schedules be adopted for calendar year 2025.

A motion was made by Mr. Bryson, and seconded by Mr. Griffin, to adopt the Commission Designation and the Broker Evaluation Schedules for calendar year 2025 as shown in Minutes Exhibit "1".

MINUTES OF REGULARLY SCHEDULED MEETING - DECEMBER 12, 2024

Employees' Retirement System Investment Committee

Page 2

4. Approval of Motion to Close Meeting

A motion was made by Mr. Griffin, and seconded by Mr. Thach, to close the meeting to the public for the purpose of executive session. After full discussion, the motion was unanimously adopted. Accompanying affidavit to support the closing of a public meeting is shown in Minutes Exhibit "2".

5. Approval of Motion to Re-Open Meeting

A motion was made by Mr. Thach, and seconded by Mr. Griffin, to re-open the meeting to the public, thereby ending executive session. After full discussion, the motion was unanimously adopted.

6. Adoption of Staff Presentations and Recommendations

A motion was made by Mr. Bryson, and seconded by Mr. Griffin, to adopt staff presentations and recommendations. After full discussion, the motion was unanimously adopted.

7. Adjournment

There being no further business, a motion was made by Mr. Griffin, and seconded by Mr. Bryson, to adjourn the meeting. The motion passed unanimously. The Chair declared the meeting adjourned.

Respectfully submitted,

Eli P. Niepoky, Chair

MINUTES OF REGULARLY SCHEDULED MEETING - JANUARY 22, 2025

EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
INVESTMENT COMMITTEE

MEMBERS PRESENT: Eli P. Niepoky, Chair
Homer Bryson
Greg S. Griffin
Frank F. Thach, Jr.

NON-VOTING MEMBER: James A. Potvin

STAFF PRESENT: Charles W. Cary, Jr.
Thomas A. Horkan
Michael K. Majure
Clanton C. Shipp, III
Matthew L. Wolfersberger
Angie Surface

LOCATION: Division of Investment Services' Conference Room
Beta Building
Atlanta, Georgia

1. Call to Order

The meeting was called to order by the Chair, Ms. Niepoky.

2. Adoption of Minutes of Previous Meeting

A motion was made by Mr. Bryson, and seconded by Mr. Griffin, to adopt the Minutes of the December 12, 2024 Regularly Scheduled Meeting of the Investment Committee. After full discussion, the motion was unanimously adopted.

3. Approval of Motion to Close Meeting

A motion was made by Mr. Thach, and seconded by Mr. Griffin, to close the meeting to the public for the purpose of executive session. After full discussion, the motion was unanimously adopted. Accompanying affidavit to support the closing of a public meeting is shown in Minutes Exhibit "1".

4. Approval of Motion to Re-Open Meeting

A motion was made by Mr. Griffin, and seconded by Mr. Thach, to re-open the meeting to the public, thereby ending executive session. After full discussion, the motion was unanimously adopted.

5. Adoption of Staff Presentations and Recommendations

A motion was made by Mr. Bryson, and seconded by Mr. Thach, to adopt staff presentations and recommendations. After full discussion, the motion was unanimously adopted.

MINUTES OF REGULARLY SCHEDULED MEETING - JANUARY 22, 2025

Employees' Retirement System Investment Committee

Page 2

6. Adjournment

There being no further business, a motion was made by Mr. Griffin, and seconded by Mr. Bryson, to adjourn the meeting. The motion passed unanimously. The Chair declared the meeting adjourned.

Respectfully submitted,

Eli P. Niepoky, Chair

Secretary's Report

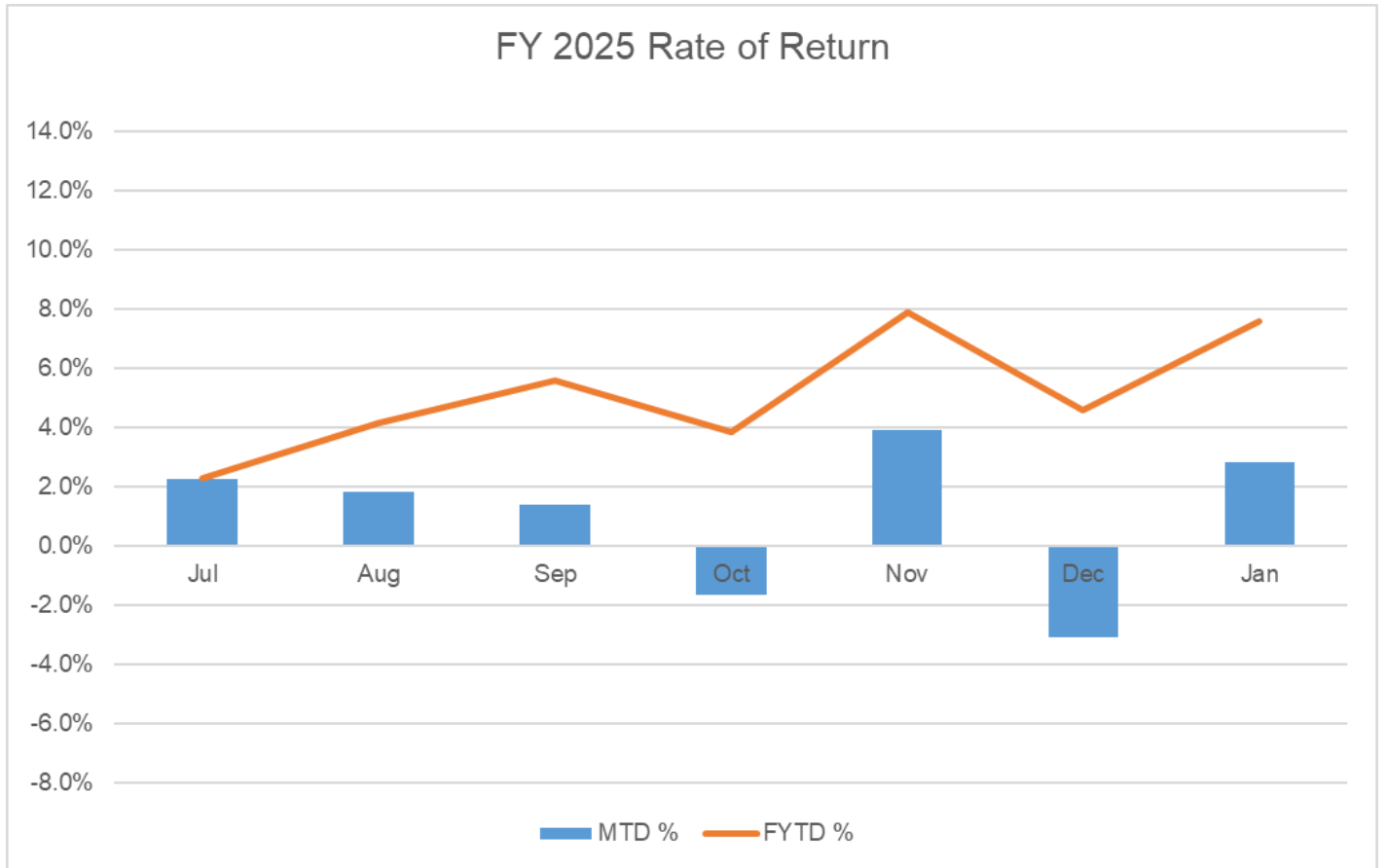
February 20, 2025



Fund Market Values

	6/30/2024	11/30/2024	12/31/2024	1/31/2025
<u>Plan</u>	<u>Market Value</u>	<u>Market Value</u>	<u>Market Value</u>	<u>Market Value</u>
ERS	\$16,628,967,923	\$17,713,692,074	\$17,115,309,420	\$17,556,416,212
JRS	594,966,922	630,208,110	608,300,666	623,275,167
LRS	41,655,557	44,016,383	42,544,986	43,654,871
PSERS	1,212,362,515	1,293,014,726	1,249,828,850	1,282,164,913
GMPF	46,310,197	50,409,061	48,931,872	50,429,604
SEAD-Active	445,269,754	479,112,451	464,248,311	477,173,469
SEAD-OPEB	1,576,963,830	1,681,001,163	1,624,924,727	1,666,307,598
SBF	242,484,350	261,715,957	253,543,457	260,770,904
Total	\$20,788,981,048	\$22,153,169,925	\$21,407,632,288	\$21,960,192,738
PSR 401(k)	\$2,312,467,908	\$2,587,905,410	\$2,535,939,087	\$2,606,878,525
PSR 457	785,351,300	833,623,570	804,661,634	819,993,264
GDCP	\$149,609,015	\$154,346,061	\$153,733,512	\$154,755,339

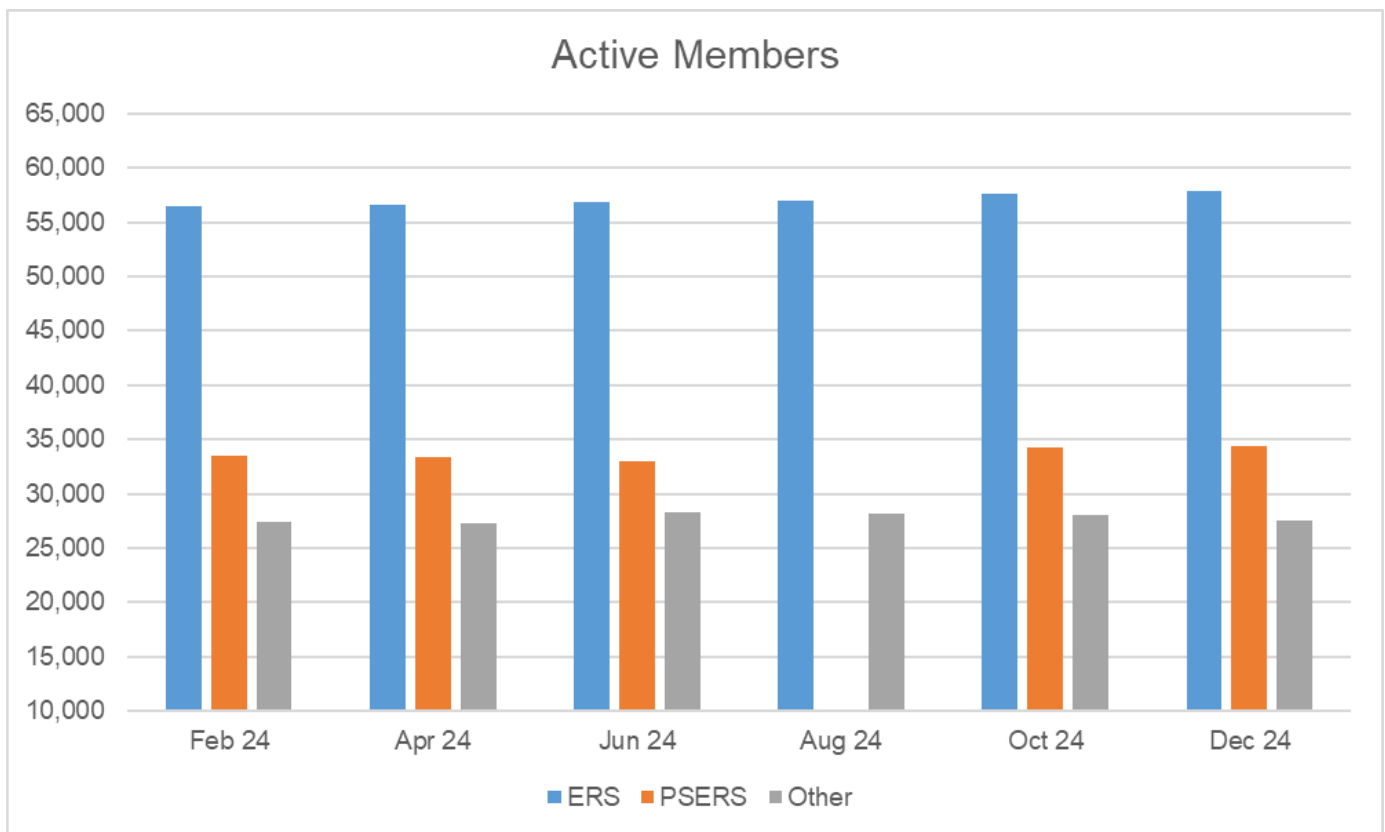
Investment Rates of Return



Contributions Received Through 12/31/2024

Plan	EE Contributions	ER Contributions	Total
ERS	\$ 19,050,733	382,526,280	\$ 401,577,013
JRS	2,341,649	1,935,259	4,276,908
LRS	188,507	0	188,507
PSERS	861,128	18,386,502	19,247,630
GDCP	7,940,582	0	7,940,582
GMPF	0	1,390,722	1,390,722
Total	\$ 30,382,599	404,238,764	\$ 434,621,362

Active Contributing Members



Retiree Benefit Payments through 1/31/2025

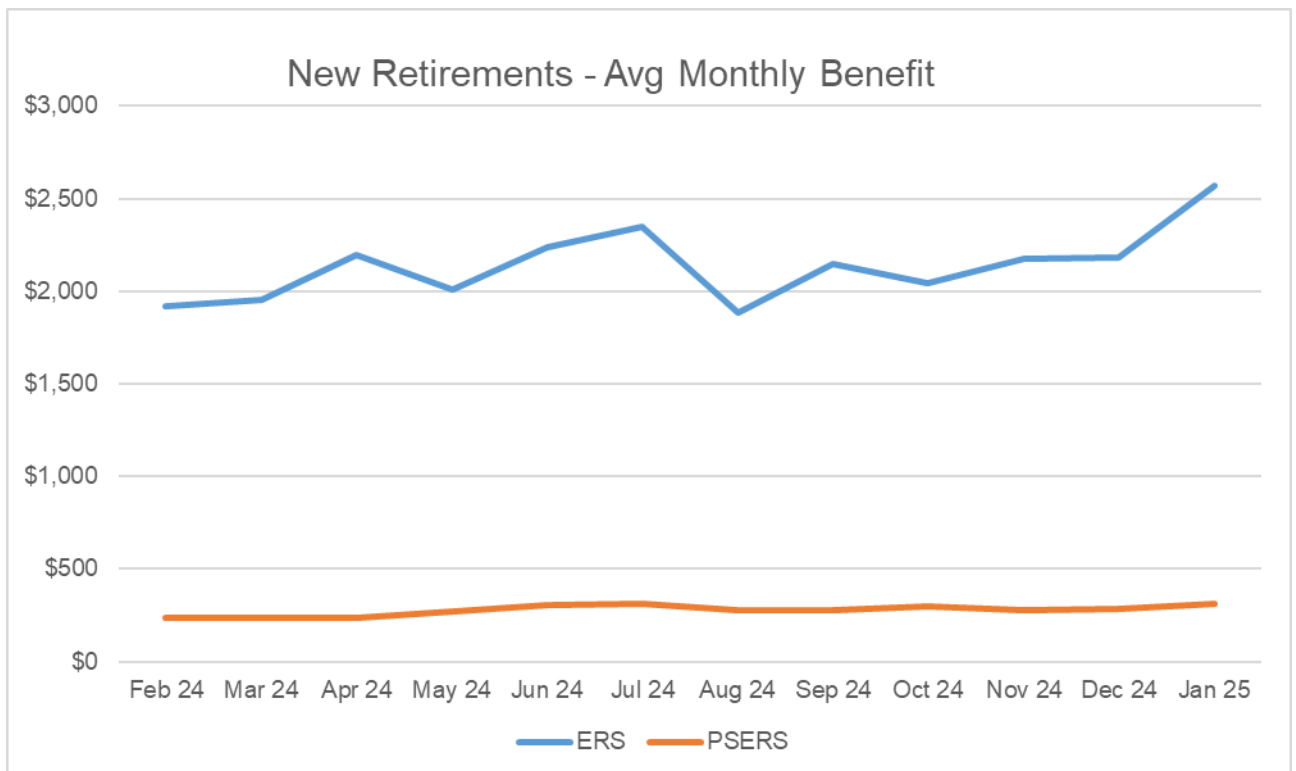
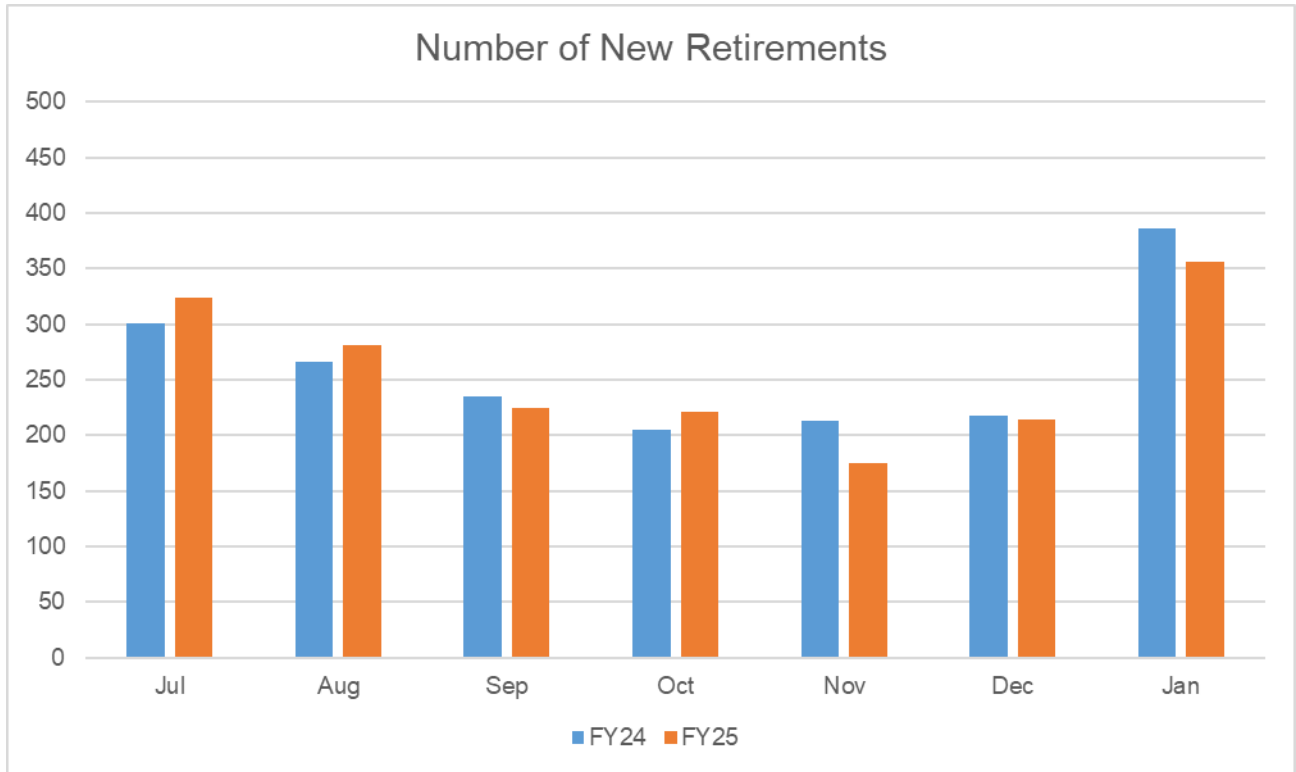
ERS distributes monthly benefits to **78,836** retirees and beneficiaries. Below represents the monthly retiree payroll for all plans as of **January 31, 2025**. (Includes PLOPs, month of death checks, and retro payments.)

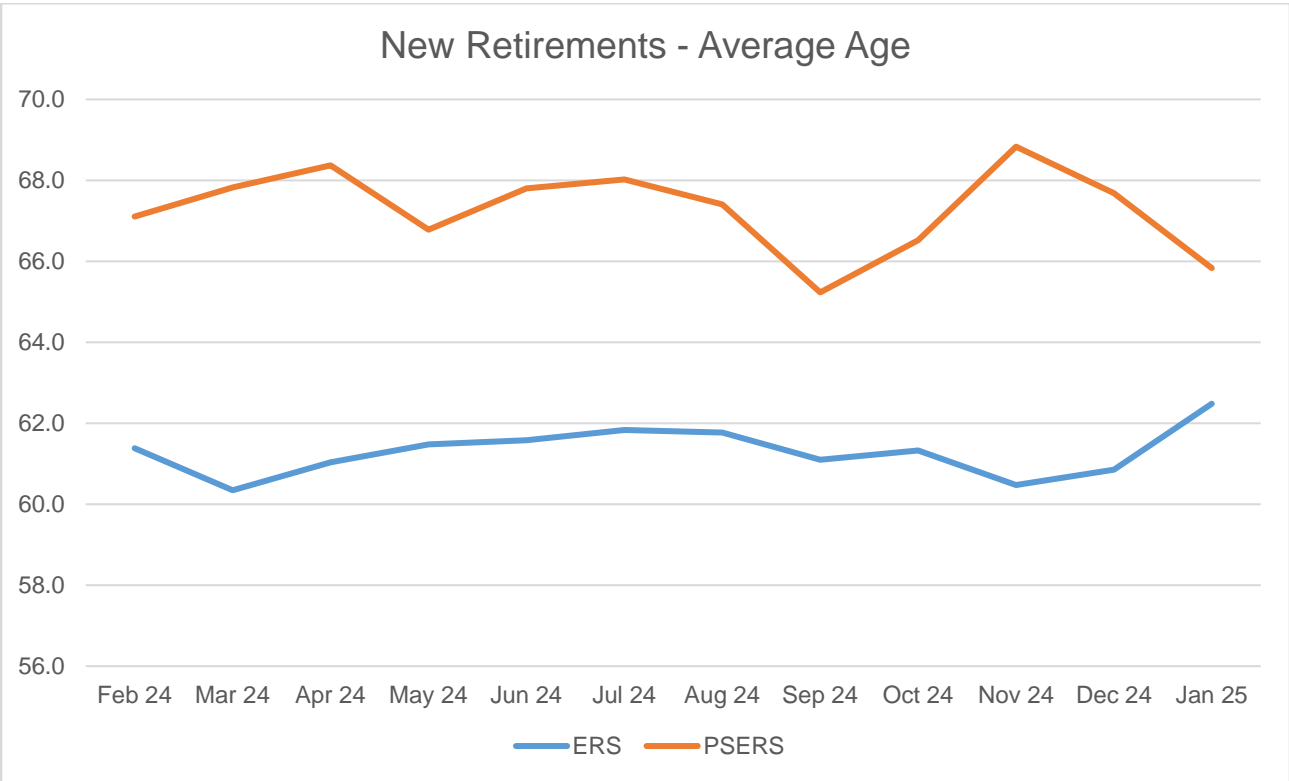
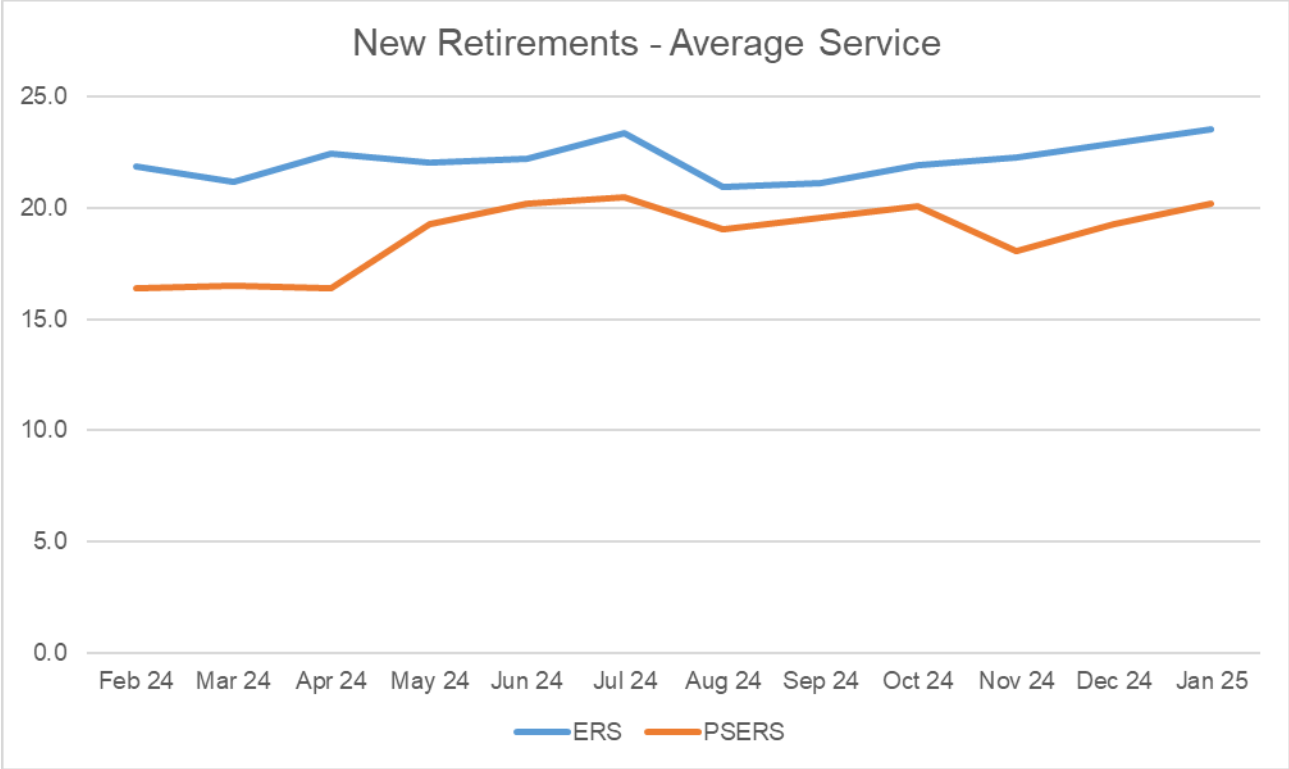
Plan	FY2024	FYTD2025	Retirees	Retirees	Total Retirees
			Dec 2024	Jan 2025	Jan 31, 2025
ERS	\$1,475,397,595	\$866,527,302	133	211	55,526
LRS	1,905,799	1,086,806	1	2	289
PSERS	74,908,041	45,467,851	71	103	20,816
JRS	36,320,779	21,630,987	0	25	504
GMPF	1,686,130	1,024,435	9	13	1,686
SCJRF	172,017	100,344	0	0	3
DARF	22,731	13,260	0	0	2
GDCP	9,906	10,123	0	0	0
Total	\$1,590,422,998	\$935,861,106	214	354	78,826

Supplemental Guaranteed Lifetime Income (SGLI)

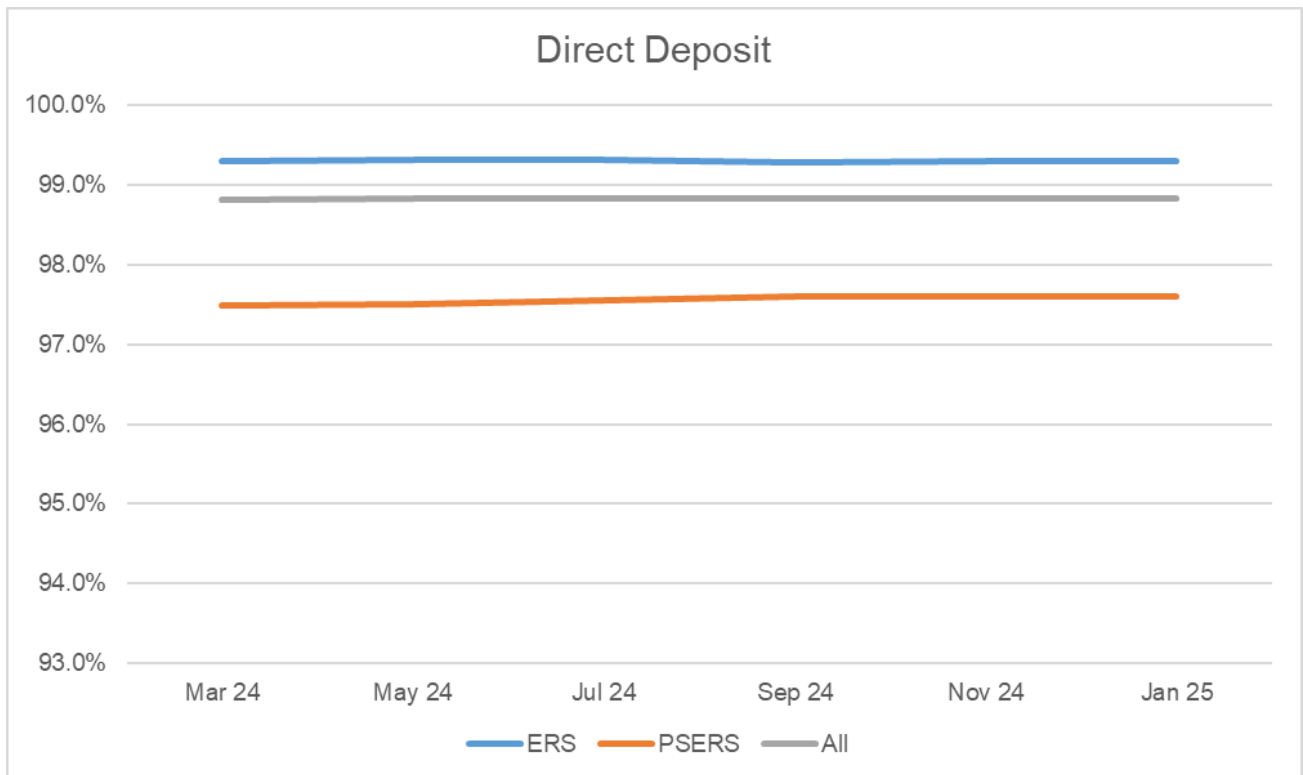
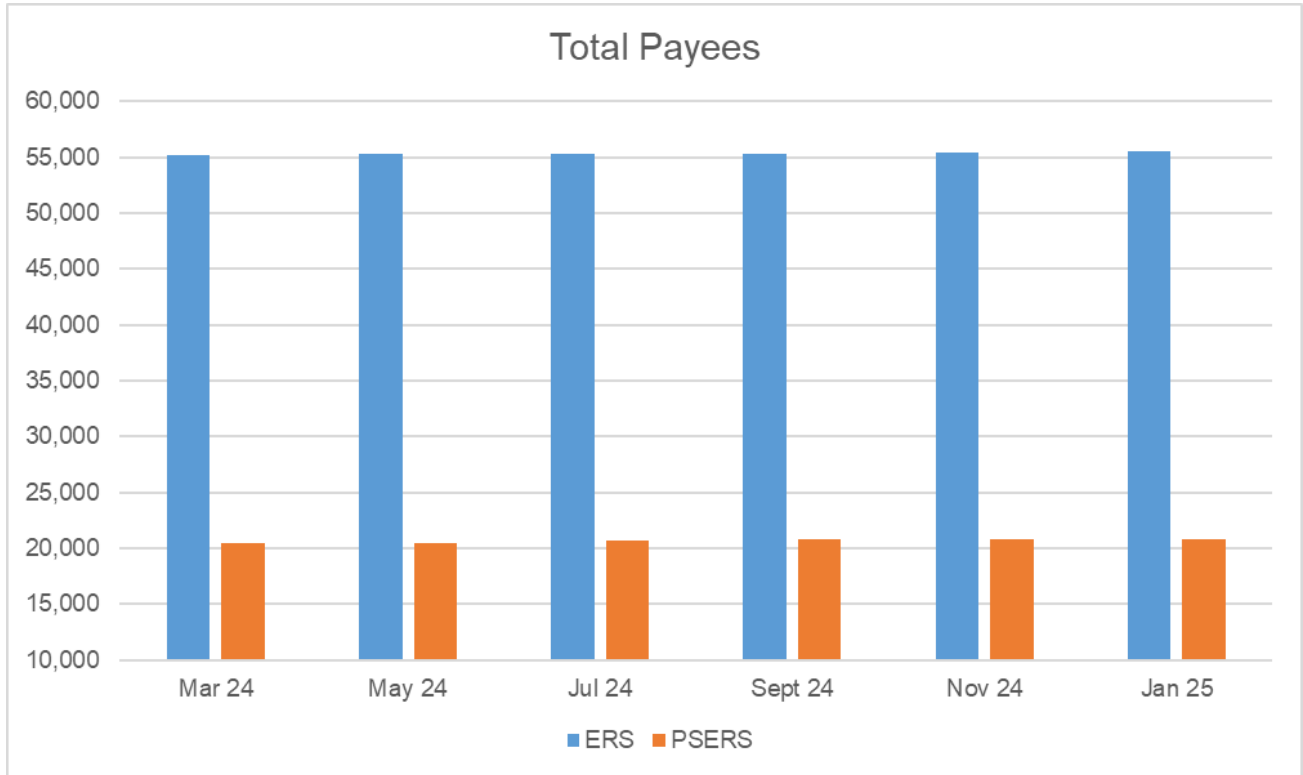
SGLI	FY2024	FYTD2025	Retirees	Retirees	Total Retirees
			Dec 2024	Jan 2025	Jan 31, 2025
No Refund	\$21,659	\$34,532	0	0	5
With Refund	30,986	18,125	0	0	5
Total	\$52,645	\$52,657	0	0	10

New Retirements

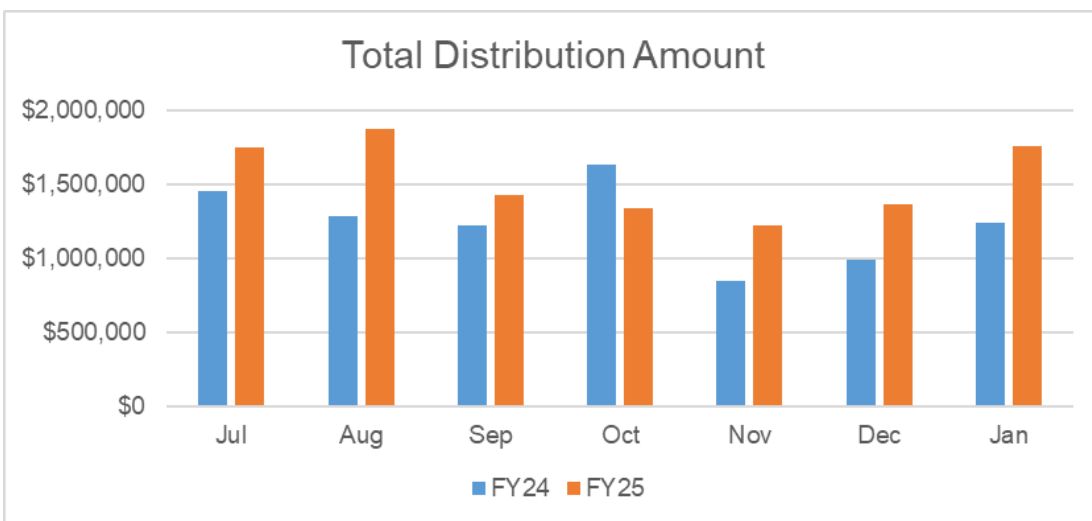
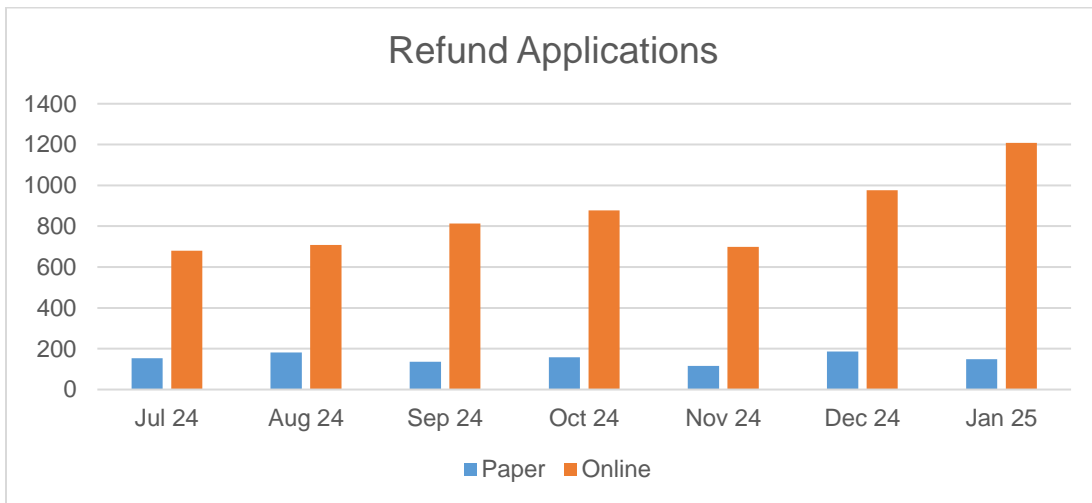
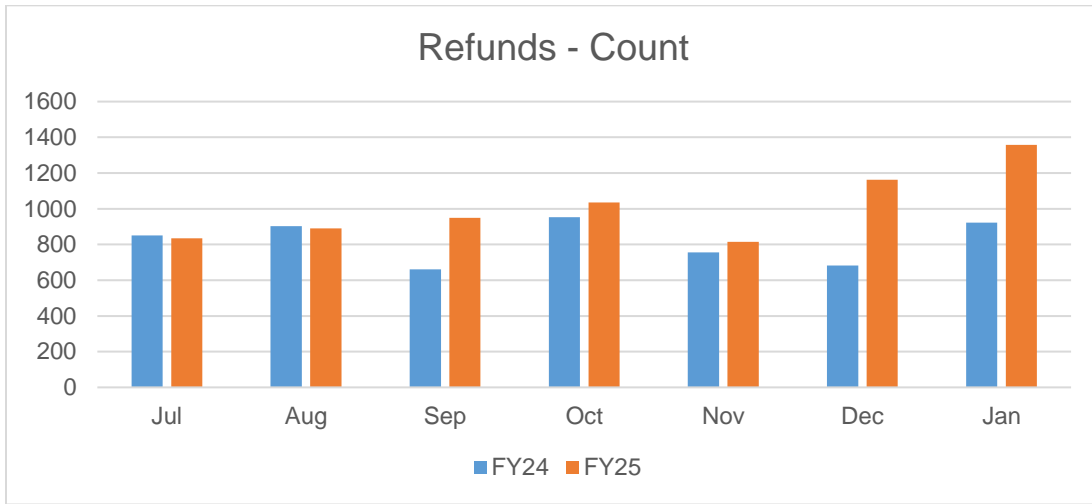




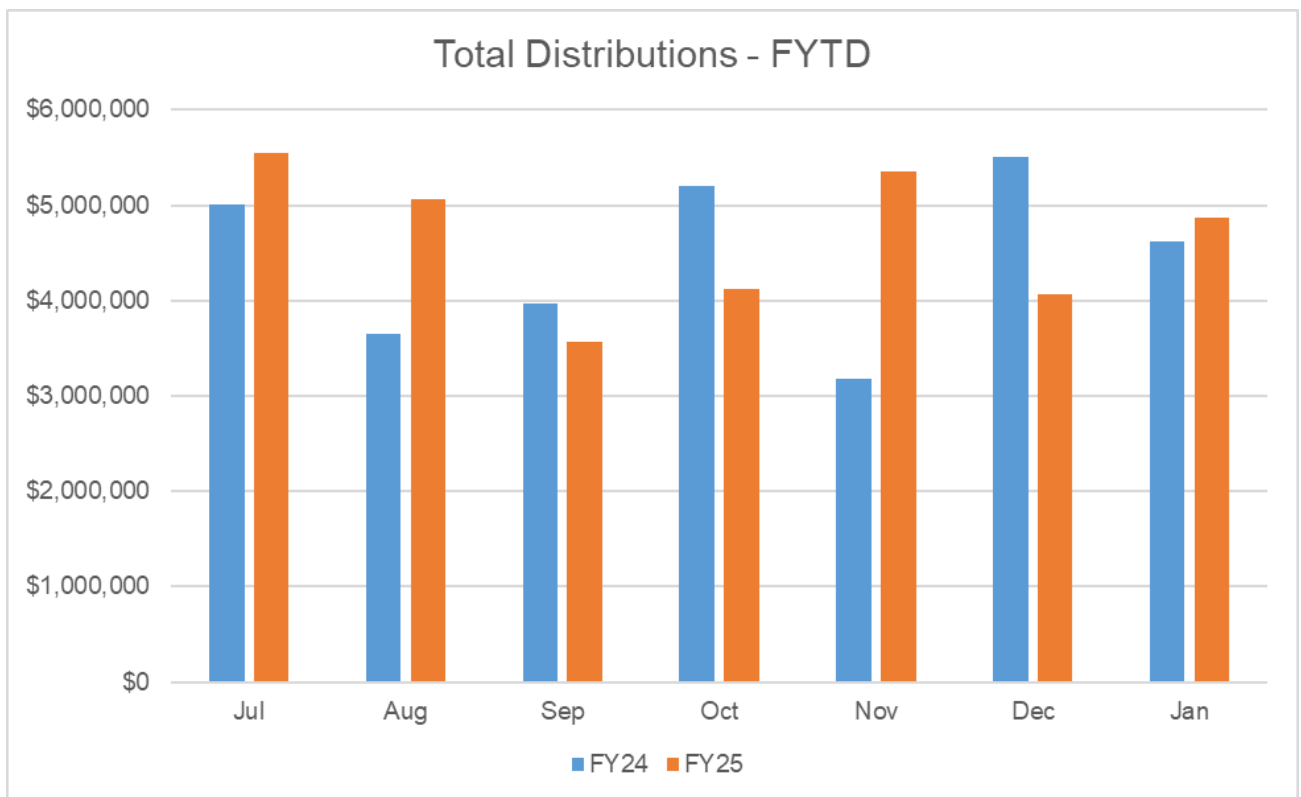
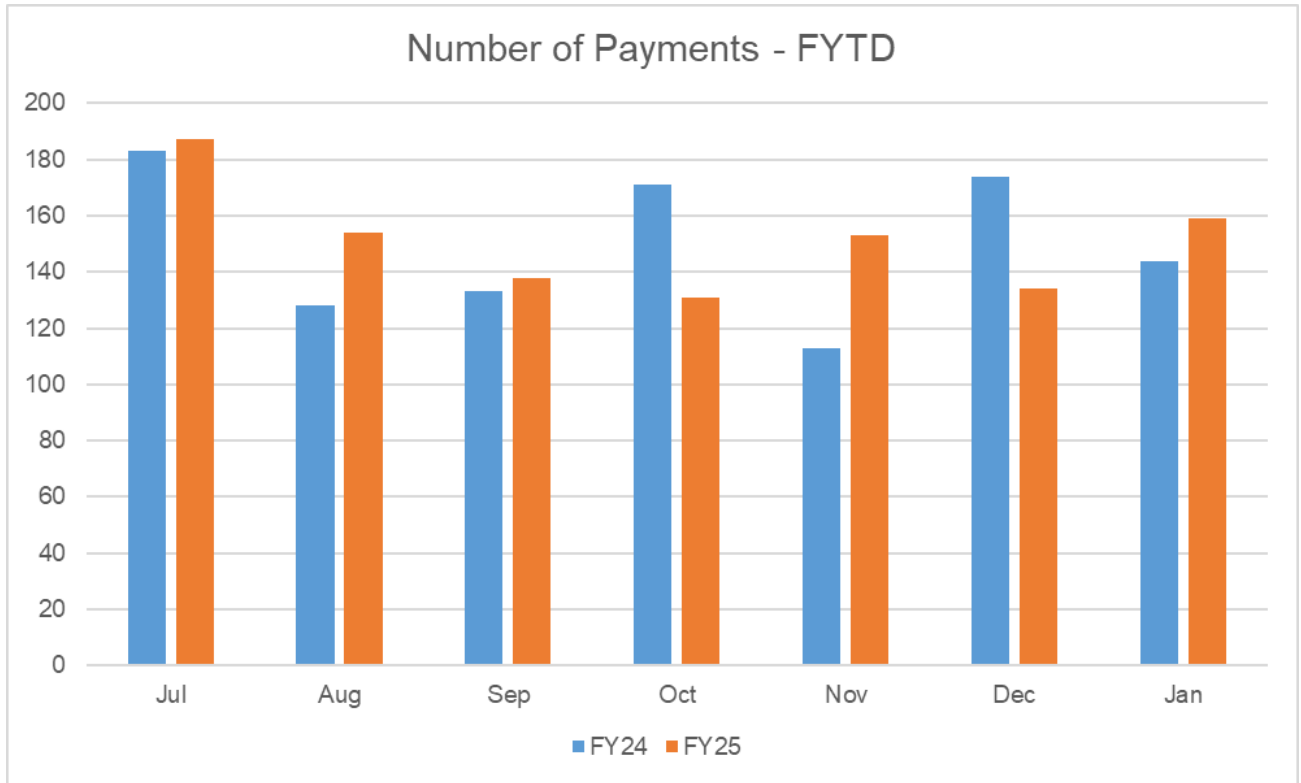
Payees



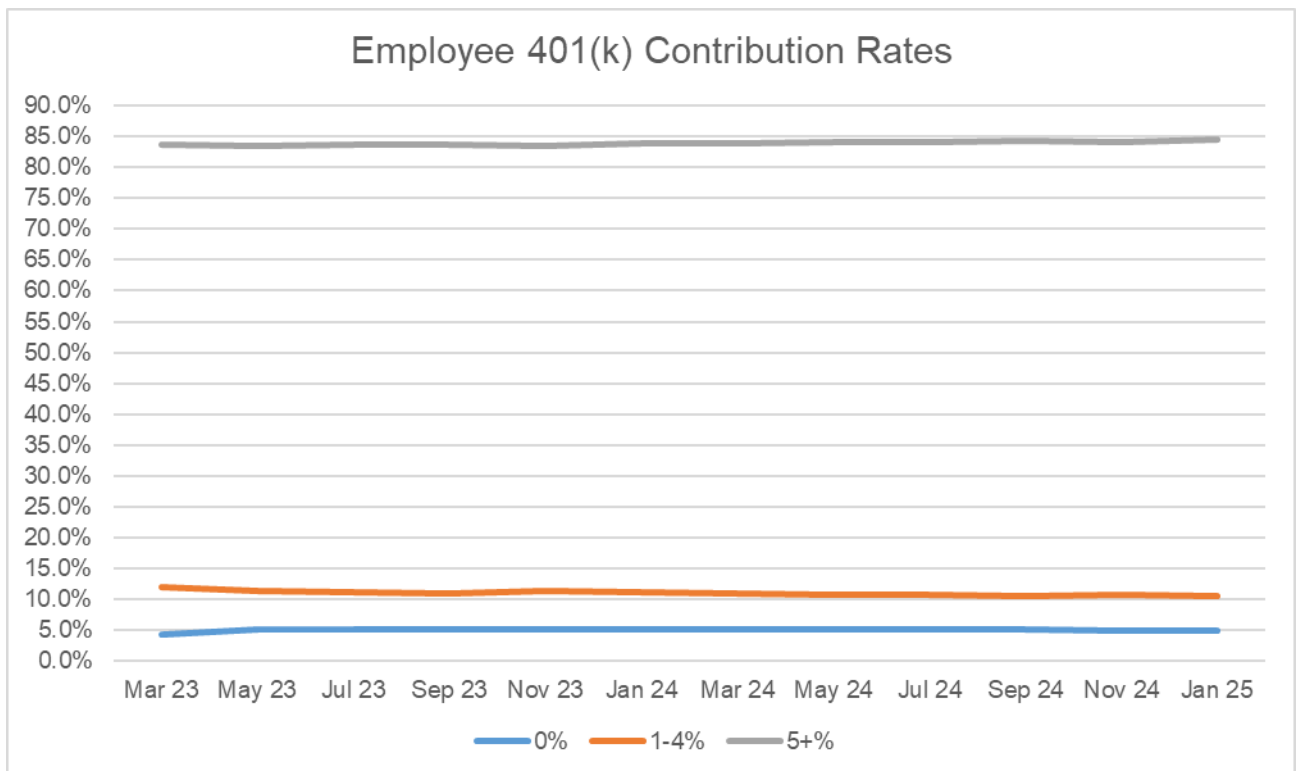
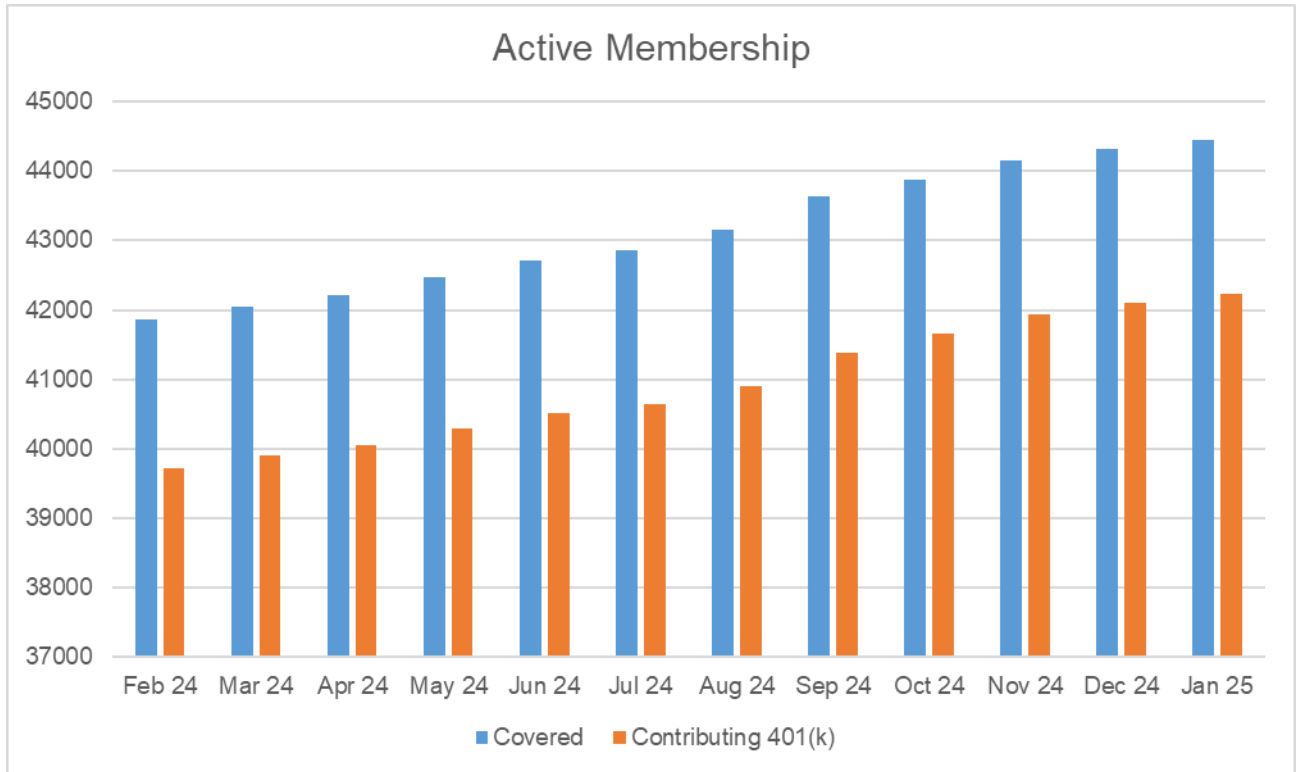
Terminated Members receiving Refunds

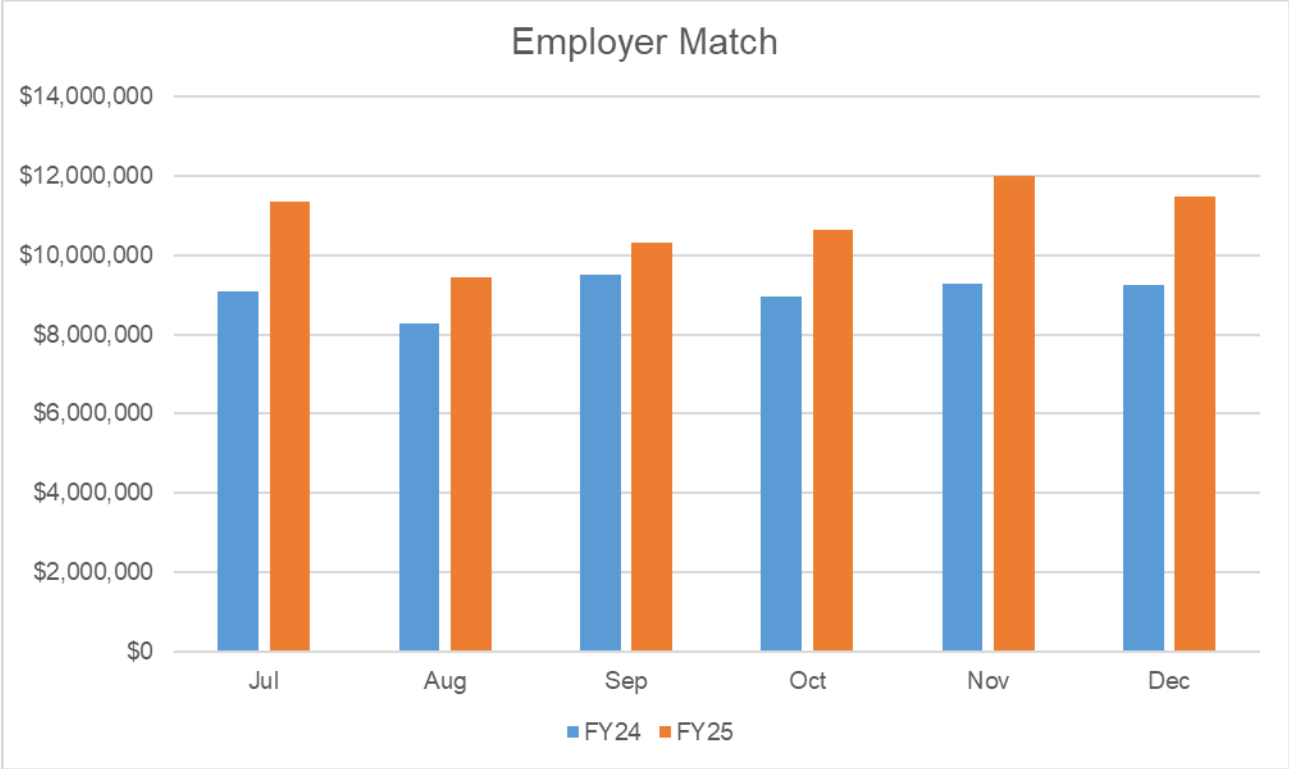


GTLI Payments

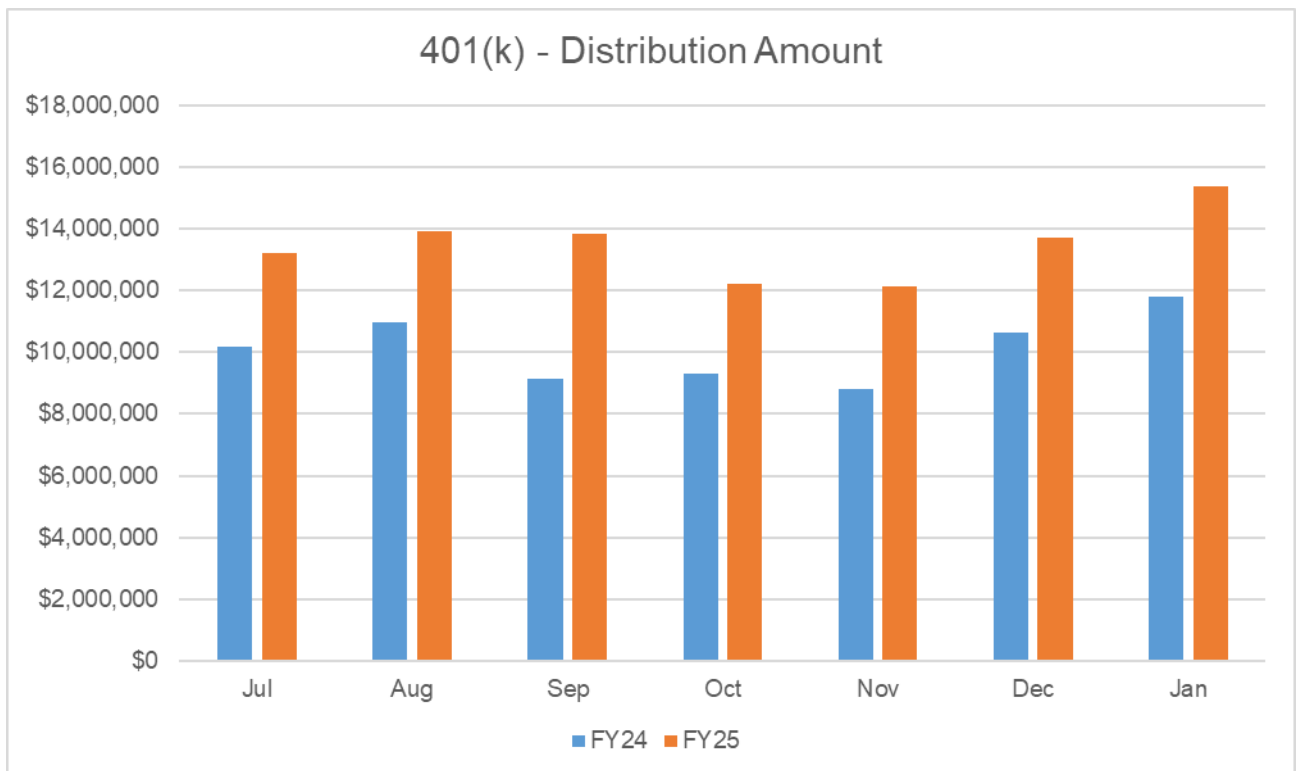
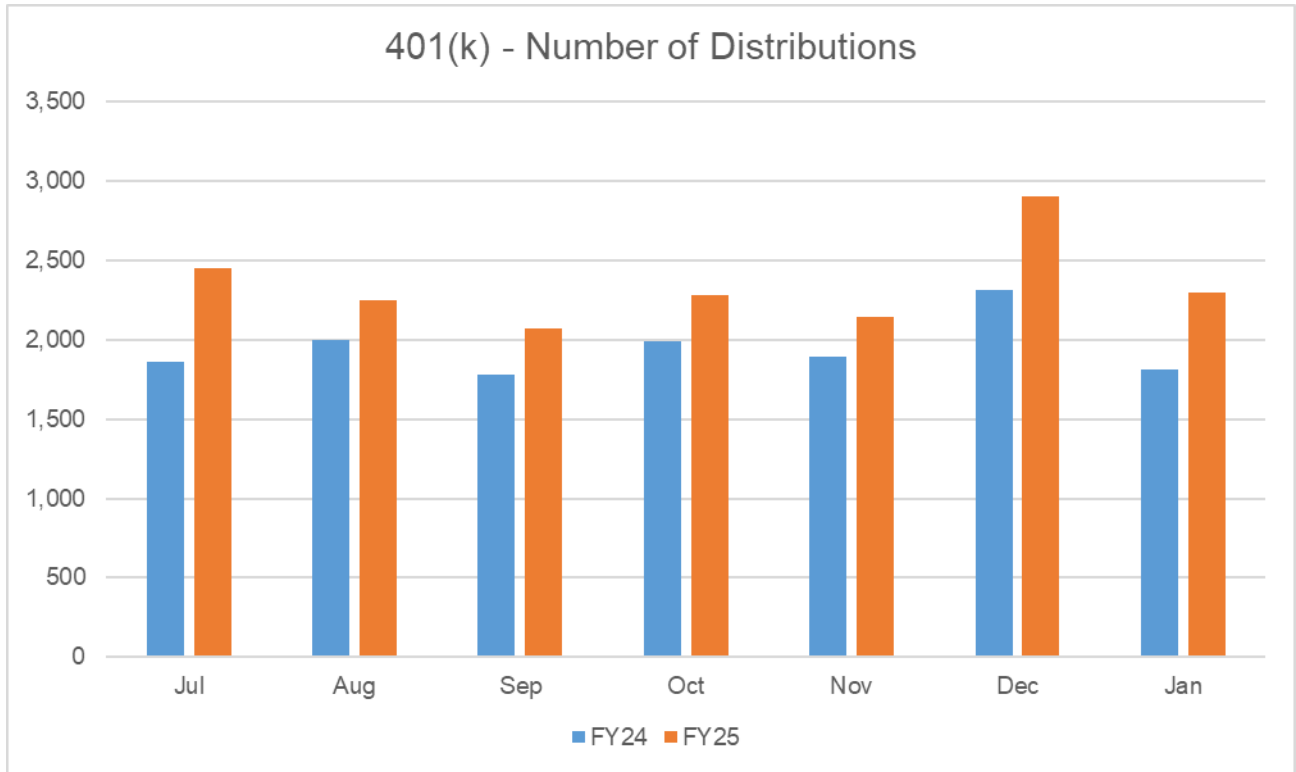


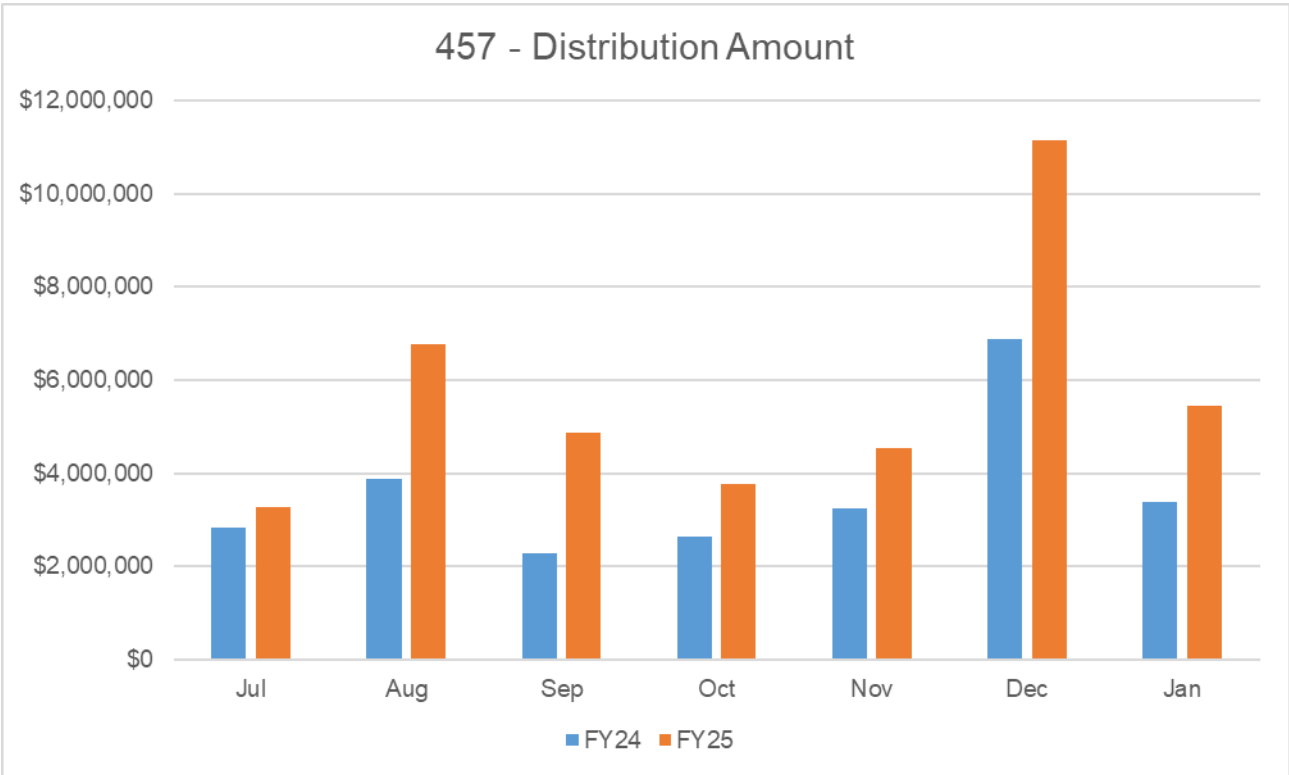
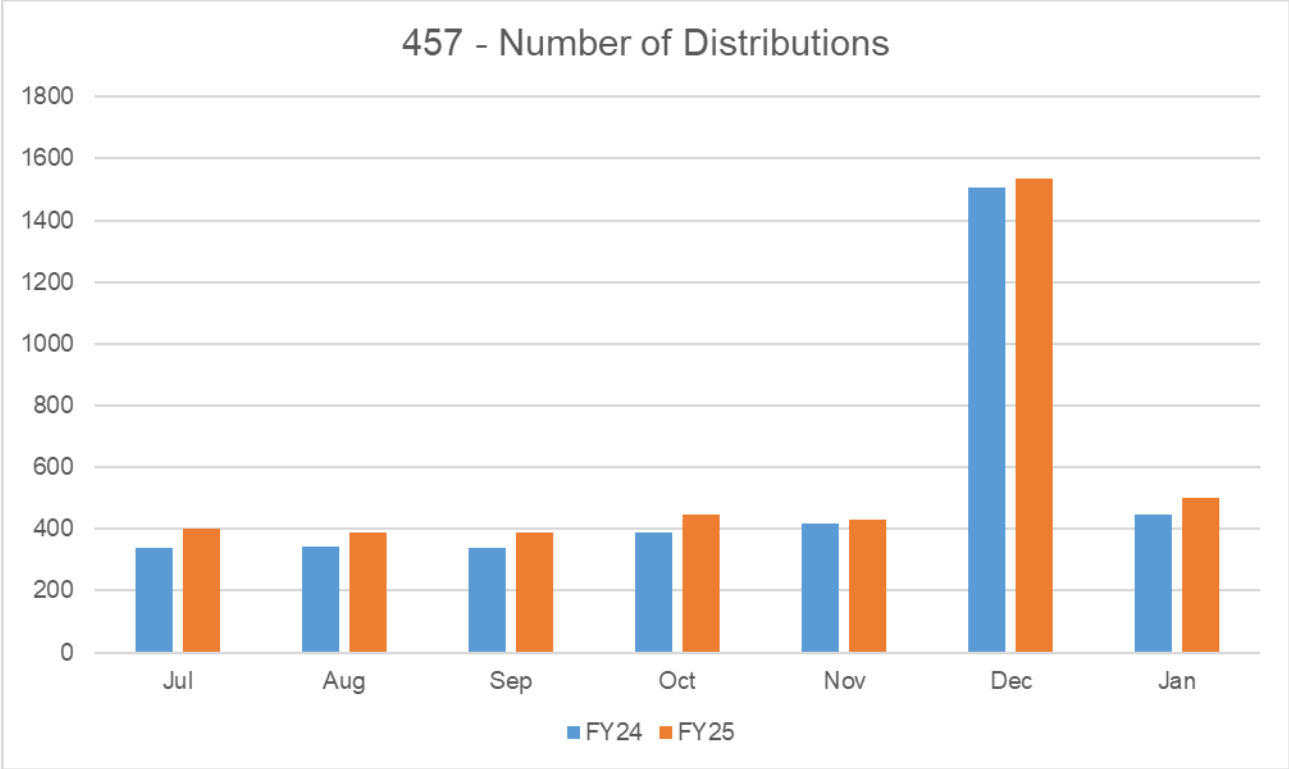
GSEPS



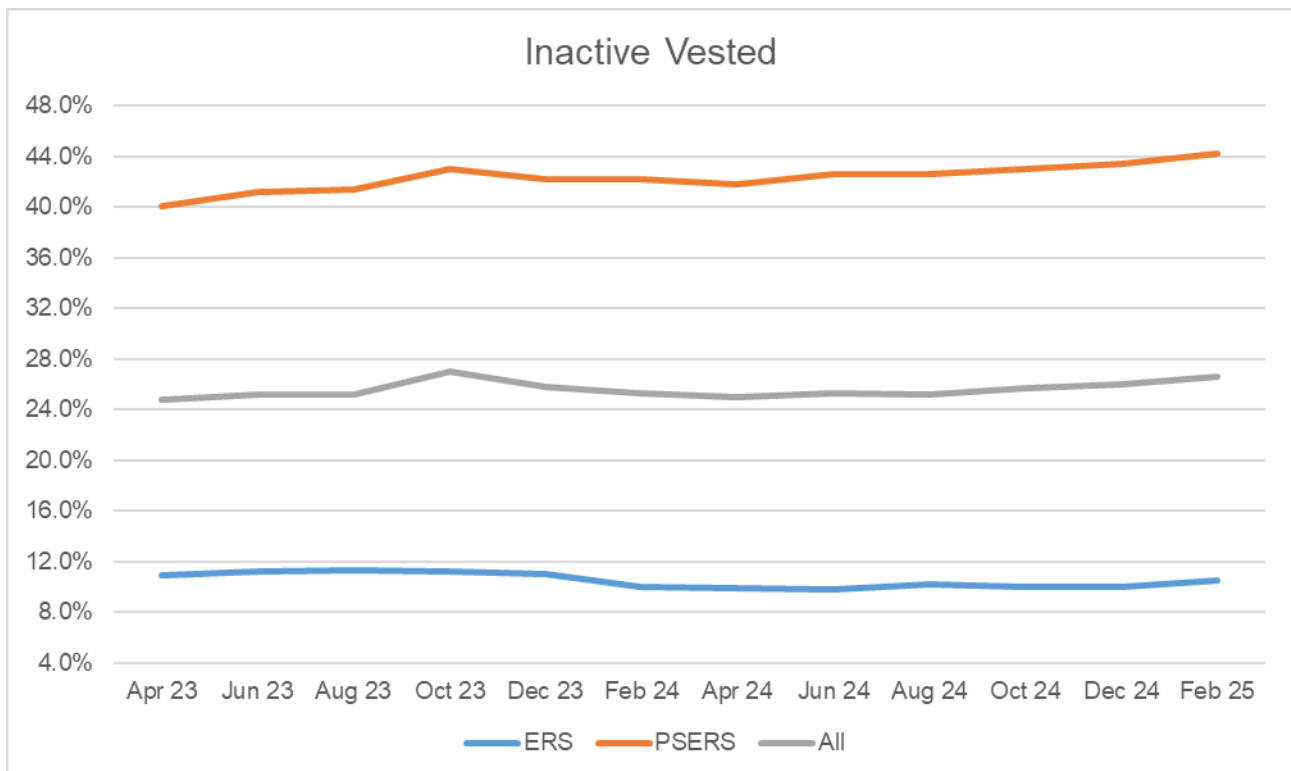
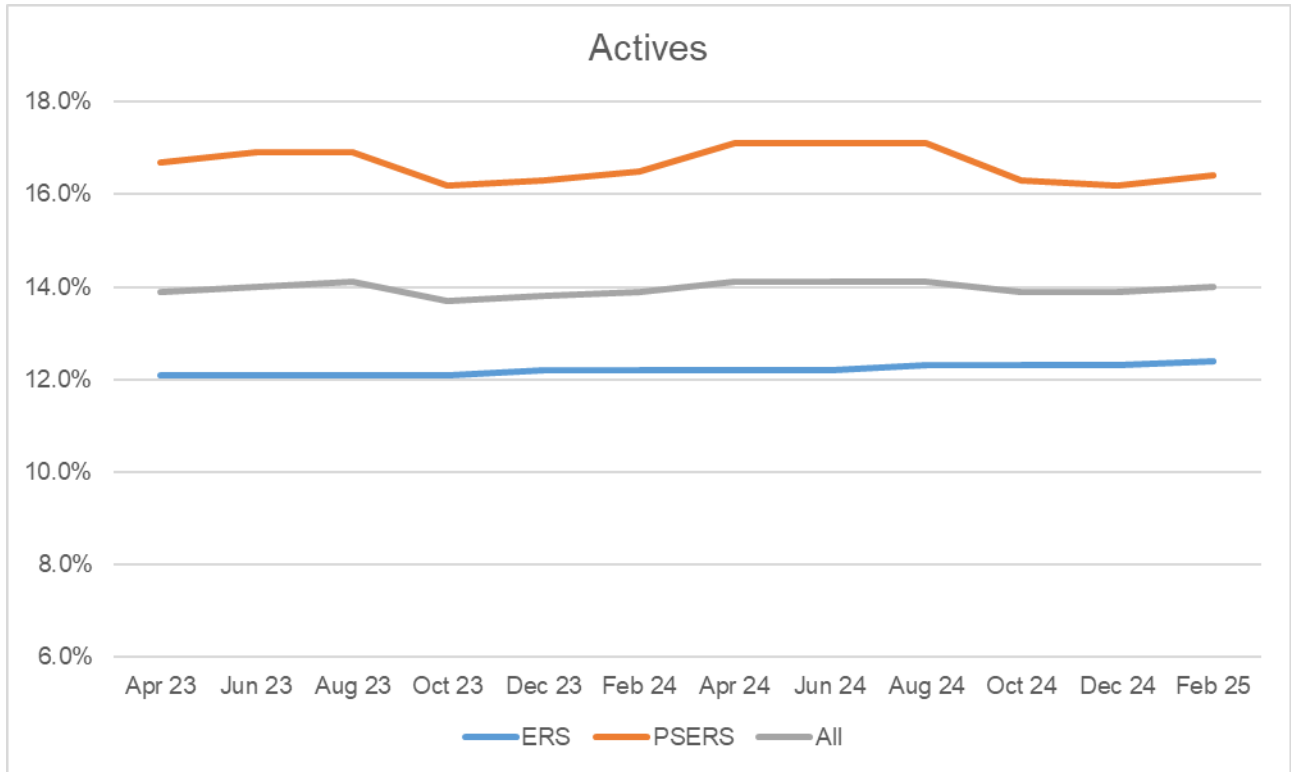


Peach State Reserves Distributions



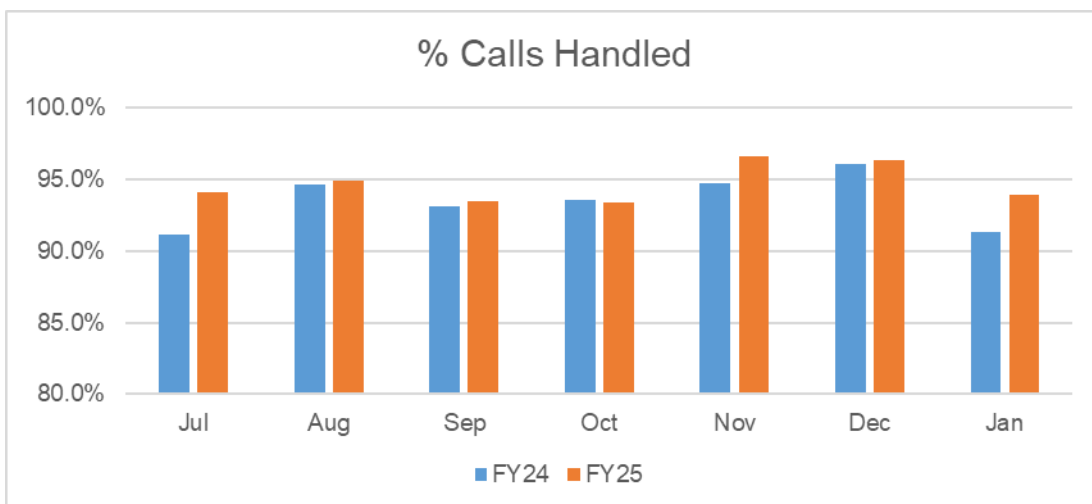
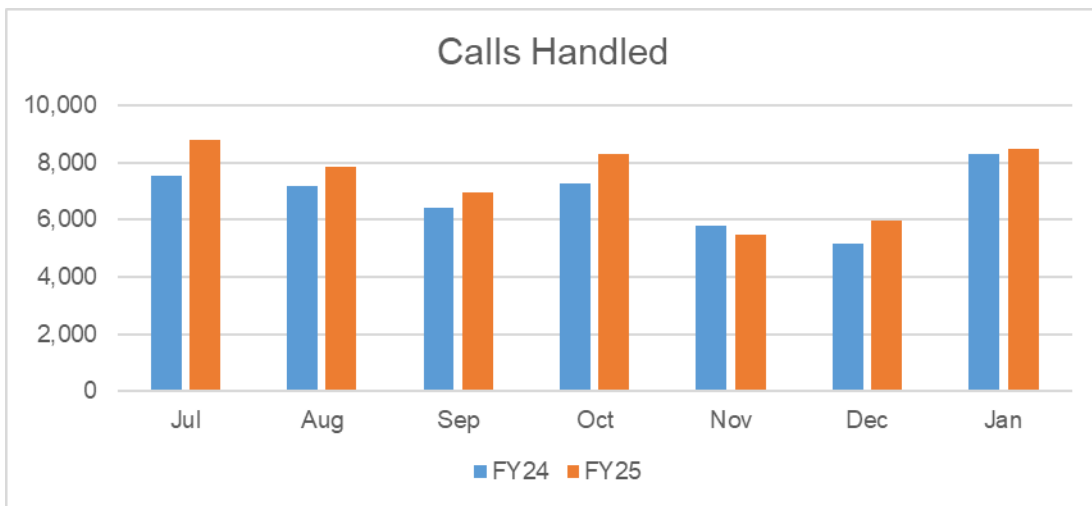
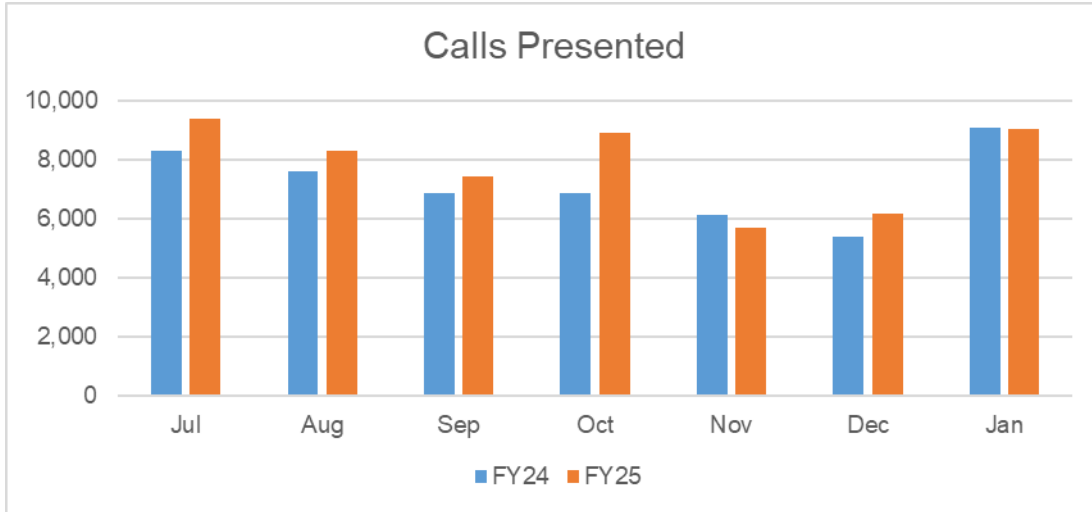


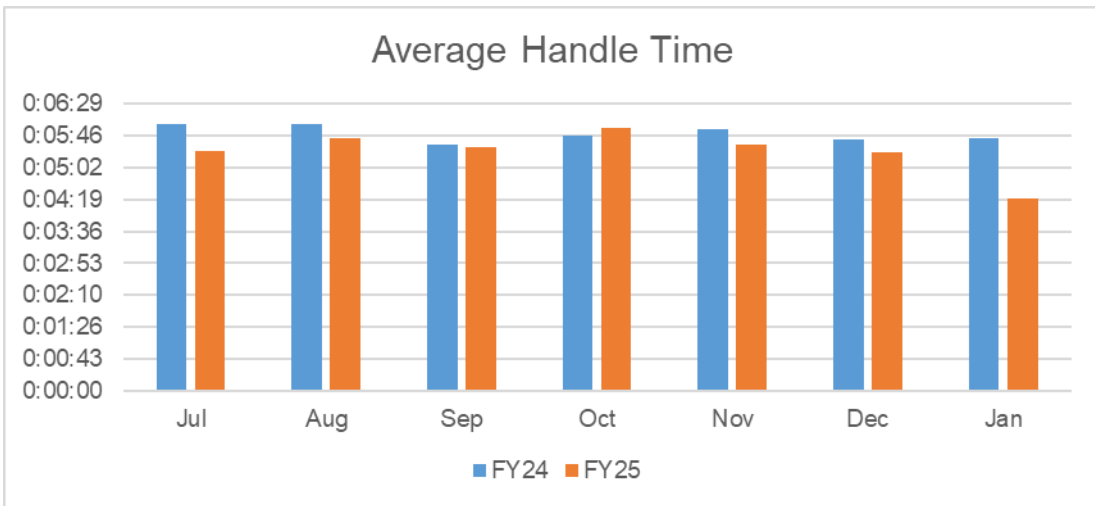
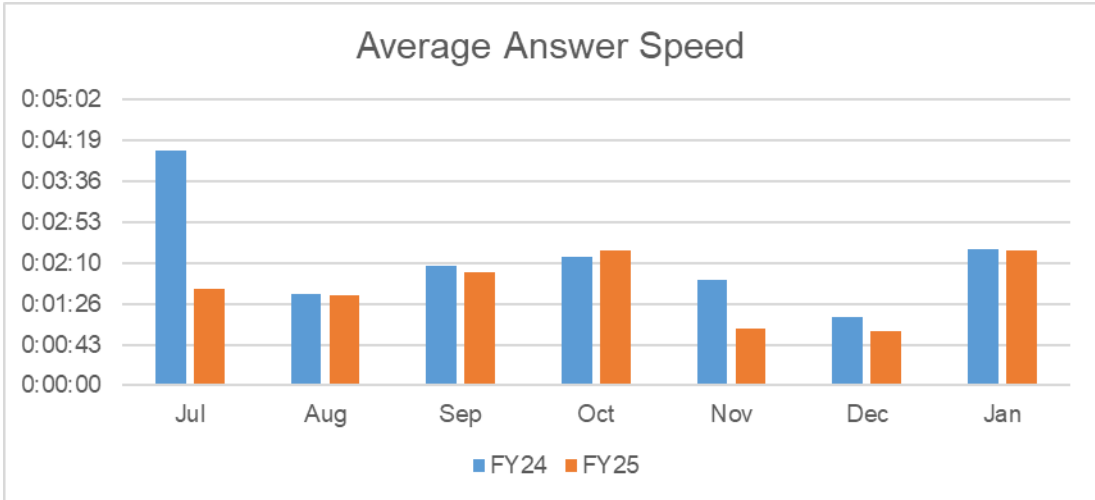
Retirement Eligible



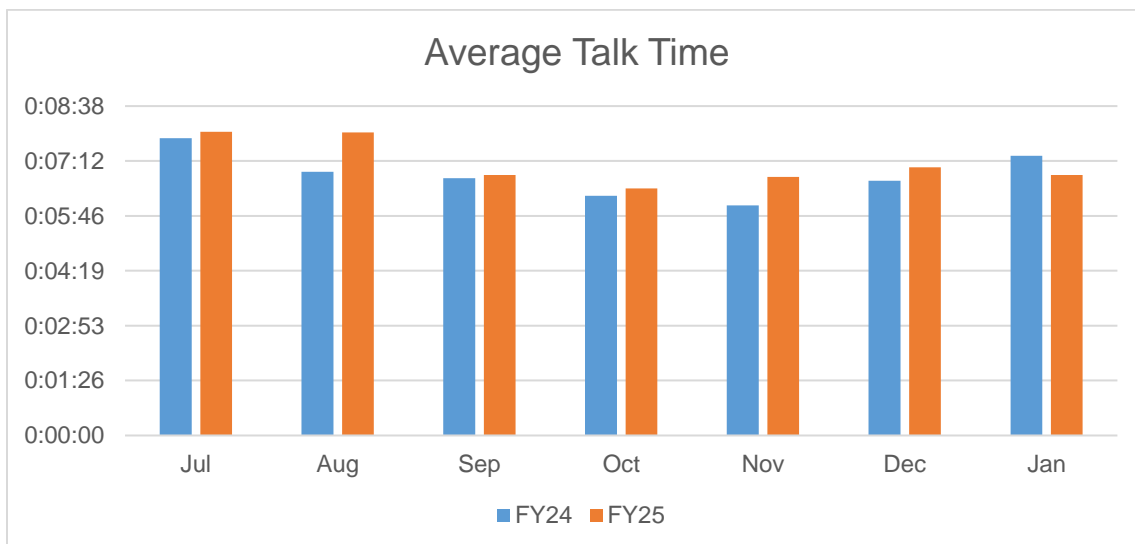
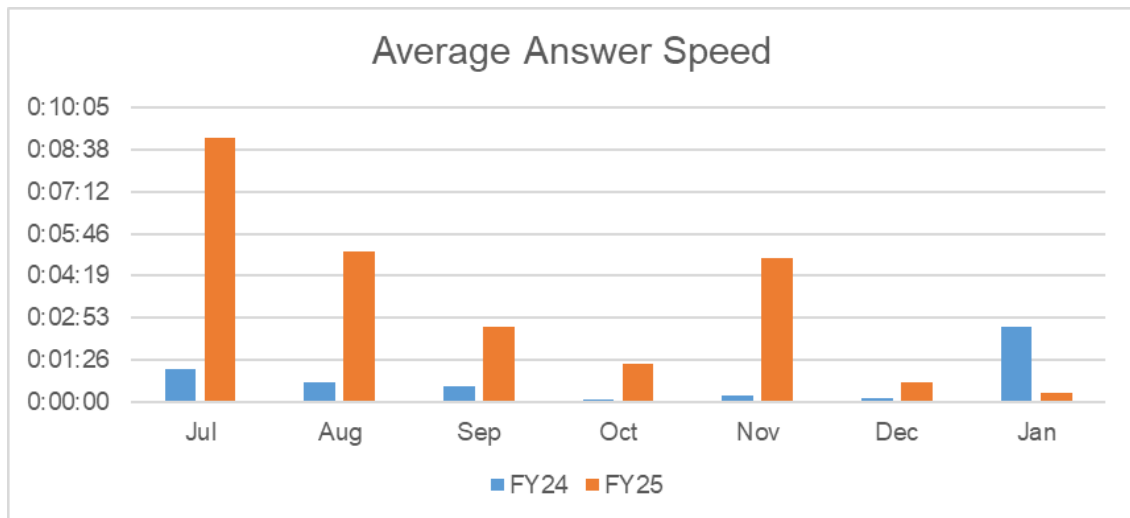
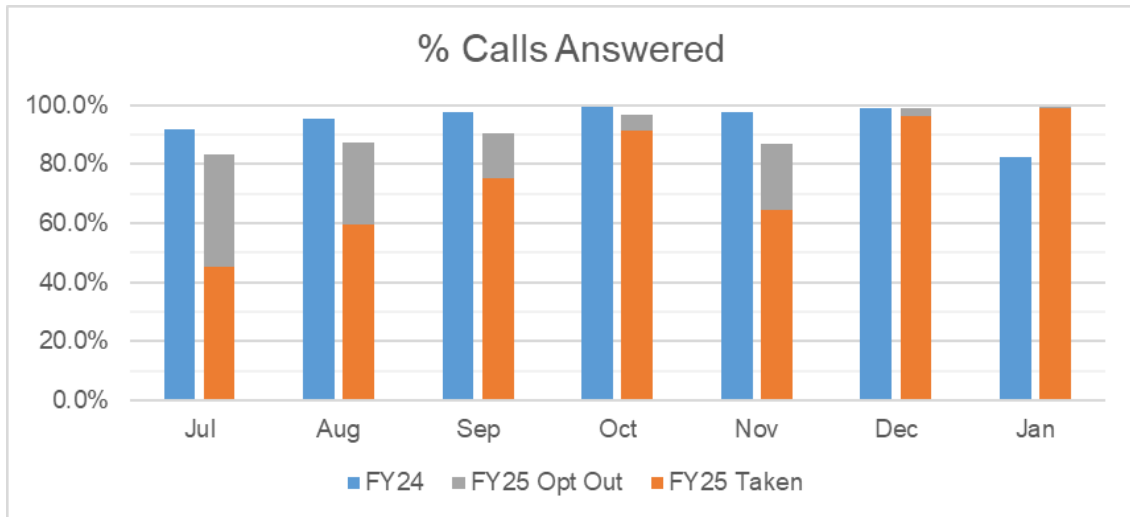
Call Center Statistics

ERSGA

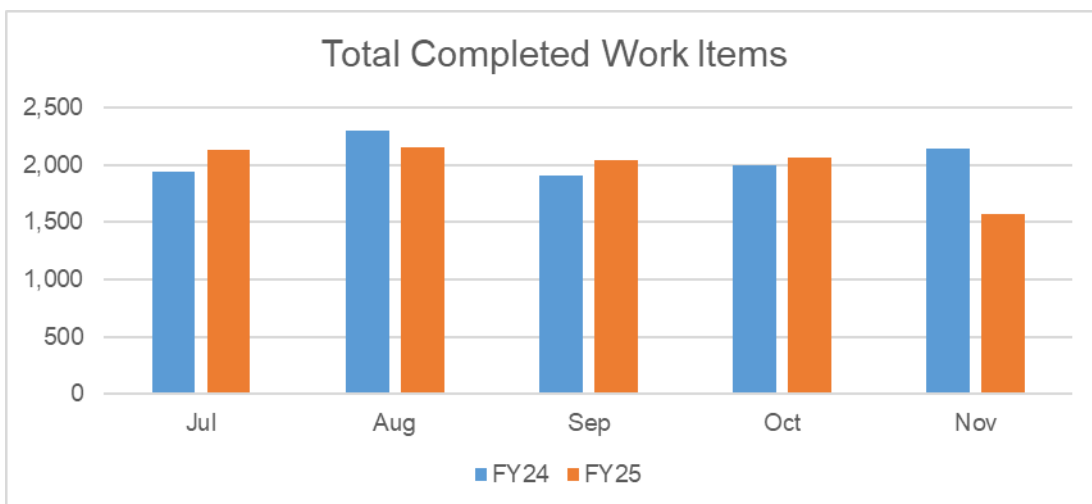
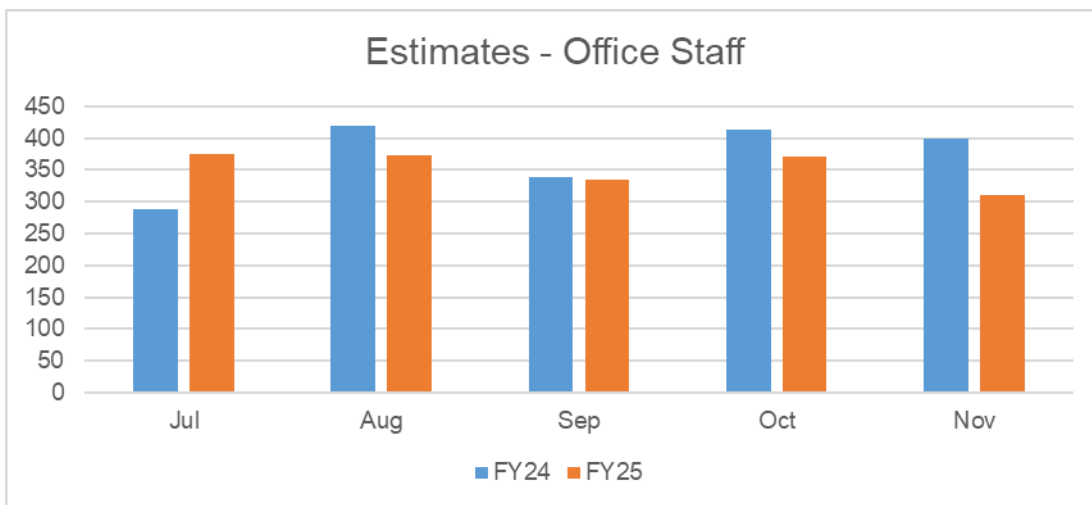
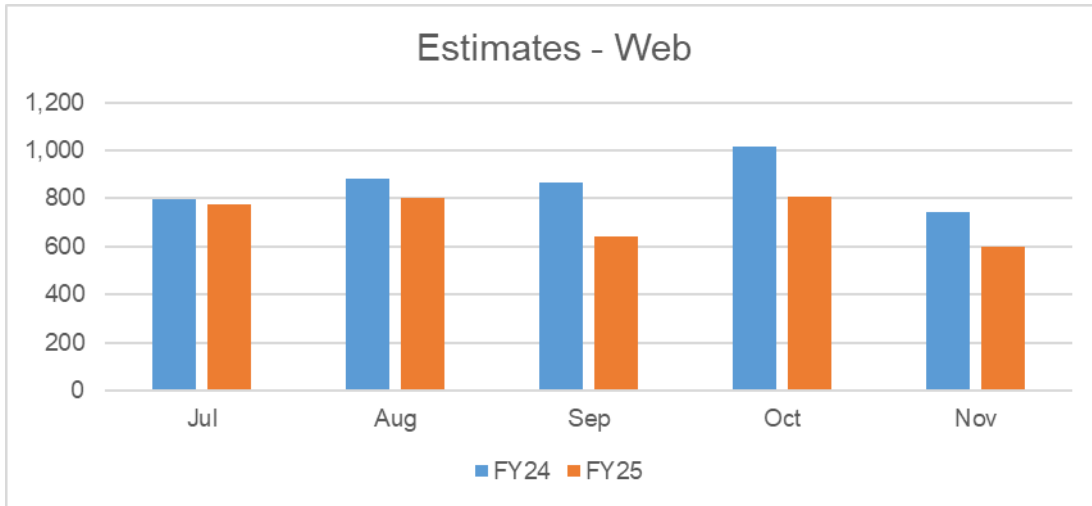




Peach State Reserves



Member Service Statistics



Project Updates

Communications

- Navigating Your Retirement Video Series: In final editing phase: Expected completion in April
- Annual Review of documents:
 - Crisis Communications with IT Security
 - Branding Guide Review completed
 - UGA Repository documents submitted
- FMD to Employer Services (ES): Name change communication plan completed in partnership with ES. Efforts included: Employer Emails, updating the website throughout, internal communications, and games targeted to important audiences to reinforce and celebrate the new name change.
- ERSGA 75th Anniversary:
 - Communications is preparing congoing celebrations throughout 2025.
 - 75th logo launched on website and throughout.
 - January launched a yearlong effort to engage our target audiences through simple, educational games aimed at guiding members, retirees, employers, and employees towards best practices.
 - January's educational focus was to guide each targeted population to important pages on our website. The Retiree had to find the photo on the website to answer the game question.



- 1099 communications completed: email and website postings
- Retirement Minute: Delivered to employers, highlighting the 2025 Payroll Frequency Schedule.
- Employer Forms Update: Transition to the new format is now complete.
- New Form Created: Residency Affidavit stand-alone form
- Age 60–63 PSR Catch-Up Contributions communications completed.
 - Focused on maximizing retirement benefits for eligible members.
- GSEPS Information Revision: Improved clarity regarding creditable service for vesting requirements.

Employer Services

- Division Rebrand
 - We are now Employer Services!
 - Division name change, Financial Management to Employer Services effective 1/31/2025
 - Correspondence, Forms, Website, updated with new name and communications sent out to employer reporting officials.
- 2024 1099R Forms
 - Mailed 1/23
 - Available on the web
 - Email blast
 - Web post on ers.ga.gov
 - Banner announcement on ers.ga.gov
 - *FAQ and new [Understanding your 1099R Form](#) page
- Age 60 and 65 election, other pension plan, vested elections - Complete review and updates for ERS Age 60 and 65 elections, other pension plan, vested election forms and procedure documents.

- JRS Employer Webinar - Create and develop presentation webinars for JRS Employers. Deliver presentation on and facilitate Q&A on JRS employer responsibilities regarding enrollment and monthly reporting.
- Unallocated Cash - Implementing new procedures to help reduce unallocated cash receipts by 30% from prior FY. Resolve unallocated cash receipts > 10 years.

Human Resources

- ERSGA/HR has completed Phase 4 of defect reporting for NextGen project
- ERSGA/HR participated in Workday User Testing Phase 4 (Jan 27 – Feb 7)
- Learning Management System Phase 3 User Training completed Jan 31
- Recruitment (*Current New Hires*)
 - Communications Division
 - Communications Specialist
 - Member Services
 - Document Center Supervisor
 - Customer Care Group Specialists (2)
 - Information Technology
 - IT Systems Administrator
 - We are currently recruiting for the following positions:
 - Employer Services Division
 - Business Operations Manager
 - Payroll Specialist
 - Retirement Benefits Specialist
 - Communications
 - Communications Specialist
- ERSGA partnered with Lifeline Animal Project for volunteer community service event on Nov 21
- ERSGA/HR attended From Day One Annual Conference on Jan 28
- Currently, agency is working on completing performance mid-year evaluations
- ERSGA will be hosting Biometric Screenings on-site on Mar 18 & April 3

Information Technology

Applications Development

- One PARIS new build since last update.
- SSN masking is in place.
- Fix for Retro Death Benefits so manual adjustments are no longer needed.
- 1099 changes and printing completed. Tax files also submitted to State and Fed.
- Ensured all web changes generate a correspondence and email
- Enhanced Direct Deposit changes on web – Now required to enter existing information prior to being allowed to change.
- Recruited and On-Boarded two resources, one as a backfill for a lost resource and an additional contract resource to assist with the PARIS Facelift Project.

Operations

- In January, Operations recruited and on-boarded a Lead Network Engineer and is now fully staffed and working on projects that were put on hold due to staffing issues.
- Implemented Datacap, IBM's latest document capture software solution which is used to capture/scan all of ERSGA's paper documents, such as Retirement letters, attestations, faxes and US mail. Also, new scanning workstations were rolled out to the Doc Center staff.
- New 10Gb telco circuits were installed at ERSGA's primary datacenter and its colocation FLEXENTIAL.
- The agency upgraded its 1Gb connection to 2Gb for \$300 less per month, and provides the capability of increasing the connection speed without any hardware upgrades.

Security

- Completed new Incident Response Policy and first review.
- Worked with Secureworks to get External Pentest scheduled.
- Worked with Secureworks to get Internal and Wifi pentests scheduled.
- Completed the review of PC, Server, and Network system setup to ensure each system type is aligned with the approved "IS107 - Information Security Systems Configuration Standards Policy".
- Finalized the "Vulnerability Management Policy".
- Worked with Operations to continue onboarding systems into the Taegis SIEM/XDR platform and continue to tweak the platform our environment.
- Completed deployment of CrowdStrike to all laptops and desktops with Support Center.
- Started removal of Symantec Endpoint Protection from all laptops and desktops.

Support Center

- 233 Support Tickets Closed since last board meeting
- Worked with / Supported the Operations Team with Doc Center workstation refresh and DataCap upgrade.

Legislative Affairs

- 44 Legislative Affairs Inquiries
- 465 Legislative Documentation Updates
- 78 Legal Inquiry Research Requests
- 62 Open Records Requests and Request for Production of Documents Inquiries
- Legislative
 - Meetings with Joe Tanner & Associates and AARP on potential Peach Saves legislation
 - Held meetings with Colorado SecureSavings, RetirePath Virginia, Georgetown Center for Retirement Initiatives, and Vestwell on potential Peach Saves legislation
 - Secured House and Senate Sponsors for Increasing percentage of allowable Alternative Investments bill, drafted legislation and dropped bills (HB 78 and SB 23) for such
 - Meeting with Senator John Albers to discuss LRS research
 - Secured sponsor and dropped Resolution recognizing ERSGA's 75 Anniversary (SR 71)
 - Completed Legislative Affairs Overview for internal Cross Training Participants
- Trustee Training
 - Reminders sent to all Trustees with 2025 Training Requirement deadlines
 - Updated the Trustee Training Spreadsheet with completed training for Trustees and notified trustees of progress
 - 5 Trustees completed required Trustee Training hours
- Public School Employees Retirement System (PSERS) Social Security Survey Project Phase 2
 - Completed PSERS SSA Case Research for 58 School Systems
 - Completed initial drafts of letters to go out to School Systems regarding Social Security for various categories of response
 - Created and finalized Project Summary Page for review
- Ethics
 - Collected Ethics Acknowledgement Forms from New Employees. 100% Agency-wide participation rate.
- Board Rules and Regulations
 - Finalized documentation for 2024 - 2025 Proposed rules Changes for ERS
 - Prepared and sent information for Board Packets relating to 2024 - 2025 Proposed rules Changes for ERS

Member Services

- Testing on PSERS “Apply for Retirement” online functionality has begun
- Review of New Retirement processing identified two areas for improvement in consistency, both have been implemented
- Review of IVR messaging in December and January providing more information to retirees calling with year-end questions before speaking with an ERSGA representative

Peach State Reserves

- GA@Work/Workday Implementation - The live date of the GA@WORK implementation has been moved from April 1 to October 1. Work is still underway on the integrations between Alight and GA@WORK.
- Age 60-63 Super Catch-up - With the GA@WORK live date moving to Oct 1, we need to revisit our approach for handling the SECURE 2.0 provision allowing for increased contribution limits for employees age 60-63. When the live date was April, very few employees, if any, would have hit the 50+ limit by April 1 and stopping contributions for a brief period would have been acceptable. A live date of Oct 1 means more people will be impacted. It also means contributions have potential to be out of the market longer and people will only have 3 months to increase their contribution rate to make up for PeopleSoft not taking the additional age 60-63 contributions. We are working with SAO to determine how PeopleSoft can be modified to allow the additional 60-63 contributions to be deducted this year to avoid compliance issues.
- On-boarding new GSEPS employer - Middle Georgia State College hired a vested GSEPS member who elected to retain GSEPS membership. As a result, Middle Georgia State College is being set-up as a new PSR GSEPS reporting employer.
- Catch-up contributions as Roth - The SECURE 2.0 provision requiring catch-up contributions to be after-tax, Roth contributions for employees with prior year FICA pay over \$145k (indexed for inflation) is slated to go into effect 1/1/2026. There are still a number of items pending further guidance from the IRS but we are having a kick-off meeting in February to start working with employers to gather the necessary data to administer.
- Walton County Board of Education - Walton County Board of Education has decided to leave Peach State Reserves. We are working with Alight, Walton County BOE and their new provider to transfer accounts and asses to the new provider mid-May.
- Annual Low Saver Campaign - The annual low saver campaign which consists of targeted emails, letters and phone calls to GSEPS member not saving at least 5% completed last month. A total of 3,506 employees were contacted and 366 increased their contribution rate to 5% or more.

Quality Assurance

- Completed
 - Auditing new retirement cases for the 1st quarter of FY 2025
 - 69 work orders since last Board meeting
 - W-4P PARIS correspondence updates.
 - 2025 payroll frequency schedules project
 - Training on Workflow work item templates and PARIS correspondence
 - PREPROD testing and regression testing of SSN masking, web direct deposit validation, and other updates
- Currently
 - Testing panels for PARIS.Net Phase B testing and resolved issues from Phase A
 - Assisting with testing rehired retiree work orders
 - Verifying data for the ERS integrated statement file and initial project tasks
 - Auditing New Retirement cases for the 2nd quarter of FY 2025
 - Updating option factors effective 07/01/2025
 - Processing existing and incoming work orders

EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
Investments

Investment Balances - at Fair Value:	Balances as of November 30th		Balances as of December 31st	
	2024	2023	2024	2023
Employees' Retirement System	\$ 17,713,692,074	\$ 14,641,279,578	\$ 17,115,309,420	\$ 15,288,817,735
Public School Employees Retirement System	1,293,014,726	1,103,641,280	1,249,828,850	1,153,377,990
State Employees Assurance Department - Active	479,112,451	398,030,726	464,248,311	416,796,639
State Employees Assurance Department - OPEB	1,681,001,163	1,433,091,739	1,624,924,727	1,496,821,310
Survivors Benefit Fund	261,715,957	215,678,560	253,543,457	226,074,319
Georgia Judicial Retirement System	630,208,110	543,933,805	608,300,666	567,740,679
Georgia Defined Contribution Plan	154,346,061	145,513,291	153,733,512	149,298,869
Legislative Retirement System	44,016,383	37,991,601	42,544,986	39,613,135
Georgia Military Pension Plan	50,409,061	40,904,992	48,931,872	42,876,623
Total	<u>\$ 22,307,515,986</u>	<u>\$ 18,560,065,572</u>	<u>\$ 21,561,365,801</u>	<u>\$ 19,381,417,299</u>

PEACH STATE RESERVES
Investments

	Balances as of November 30th		Balances as of December 31st	
	2024	2023	2024	2023
Investment Balances - at Fair Value:				
457 Plan	\$ 833,623,570	\$ 712,954,895	\$ 804,661,634	\$ 738,674,428
401k Plan	2,587,905,410	1,968,423,876	2,535,939,087	2,079,788,916
Total	<u>\$ 3,421,528,980</u>	<u>\$ 2,681,378,771</u>	<u>\$ 3,340,600,721</u>	<u>\$ 2,818,463,344</u>

EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
Cash Contributions Received

	November		December		Fiscal Year-to-Date	
	2024	2023	2024	2023	FY25	FY24
Employees' Retirement System	\$ 81,747,696	\$ 77,996,303	\$ 82,019,203	\$ 72,293,916	\$ 490,988,457	\$ 454,107,134
PSERS	3,453,570	3,028,566	3,317,973	3,032,107	22,439,025	19,882,934
Georgia Judicial Retirement System	1,200,096	1,197,636	744,453	728,663	5,466,218	6,641,518
Georgia Defined Contribution Plan	1,443,442	1,447,364	1,679,569	1,456,792	9,662,773	9,003,826
Legislative Retirement System	37,701	37,706	50,950	37,706	239,873	226,237
Superior Court Judges Retirement Fund	18,389	14,335	14,335	14,344	88,510	86,055
District Attorneys Retirement Fund	1,894	1,894	1,894	1,894	11,364	11,364
Georgia Military Pension Plan	232,042	232,763	231,887	232,763	1,625,529	1,629,341
Total	\$ 88,134,830	\$ 83,956,567	\$ 88,060,264	\$ 77,798,185	\$ 530,521,749	\$ 491,588,409

**PEACH STATE RESERVES
Cash Contributions Received**

	November		December		Fiscal Year-to-Date	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>FY25</u>	<u>FY24</u>
457 Plan	\$ 2,063,777	\$ 1,737,311	\$ 1,876,566	\$ 1,551,353	\$ 10,976,083	\$ 10,379,700
401k Plan	32,141,698	25,752,356	30,217,418	24,555,118	174,127,430	149,568,738
Total	<u>\$ 34,205,475</u>	<u>\$ 27,489,667</u>	<u>\$ 32,093,984</u>	<u>\$ 26,106,471</u>	<u>\$ 185,103,513</u>	<u>\$ 159,948,438</u>

EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
Statement of Expenses - All Programs

	July 2024	August 2024	September 2024	October 2024	November 2024	December 2024	Year to Date FY 2025	Budget FY 2025	YTD as % of Budget	Remaining Budget
Personal Services	\$ 1,116,962	\$ 1,117,010	\$ 1,119,818	\$ 1,143,428	\$ 1,150,009	\$ 1,125,068	\$ 6,772,295	\$ 14,174,496	47.8%	\$ 7,402,201
Regular Operating Expenses	1,465	35,683	21,444	52,532	31,199	77,328	219,651	452,000	48.6%	232,349
Equipment	-	-	111,509	469,771	-	-	581,280	649,550	89.5%	68,270
Computer Charges	65,562	108,888	114,161	344,145	7,920	12,765	653,441	1,308,000	50.0%	654,559
Real Estate Rentals	55,053	55,053	55,053	55,053	55,053	55,053	330,318	662,600	49.9%	332,282
Telecommunications	10,221	9,643	12,764	11,249	16,825	14,452	75,154	176,300	42.6%	101,146
Contractual Services	(49,975)	2,874,045	623,231	611,032	484,058	2,899,368	7,441,759	19,193,054	38.8%	11,751,295
TOTAL OPERATING EXPENSE FUND	\$ 1,199,288	\$ 4,200,322	\$ 2,057,980	\$ 2,687,210	\$ 1,745,064	\$ 4,184,034	\$ 16,073,898	\$ 36,616,000	43.9%	\$ 20,542,102
Social Security Administration *	1,734	867	867	867	867	867	6,069	10,400	58.4%	4,331
HB 19	-	-	-	-	-	-	-	26,750,000	0.0%	26,750,000
Georgia Military Pension Fund *	463,574	231,787	231,787	231,787	231,787	231,787	1,622,509	2,793,161	58.1%	1,170,652
Public School Employees Retirement Fund *	6,128,834	3,064,417	3,064,417	3,064,417	3,064,417	3,064,417	21,450,919	32,357,000	66.3%	10,906,081
TOTAL BUDGETED EXPENSES	\$ 7,793,430	\$ 7,497,393	\$ 5,355,051	\$ 5,984,281	\$ 5,042,135	\$ 7,481,105	\$ 39,153,395	\$ 98,526,561	39.7%	\$ 59,373,166
FUNDING SOURCES:										
Other Funds	\$ 1,199,288	\$ 4,200,322	\$ 2,057,980	\$ 2,687,210	\$ 1,745,064	\$ 4,184,034	\$ 16,073,898	\$ 36,616,000	43.9%	\$ 20,542,102
State Funds	6,594,142	3,297,071	3,297,071	3,297,071	3,297,071	3,297,071	23,079,497	61,910,561	37.3%	38,831,064
TOTAL FUNDING BY TYPE	\$ 7,793,430	\$ 7,497,393	\$ 5,355,051	\$ 5,984,281	\$ 5,042,135	\$ 7,481,105	\$ 39,153,395	\$ 98,526,561	39.7%	\$ 59,373,166
EXPENSES BY PROGRAM:										
System Administration	\$ 1,186,197	\$ 3,804,459	\$ 1,705,494	\$ 2,276,144	\$ 1,286,141	\$ 3,792,185	\$ 14,050,620	\$ 58,152,053	24.2%	\$ 44,101,433
Deferred Compensation	14,825	396,730	353,353	411,933	459,790	392,716	2,029,347	5,224,347	38.8%	3,195,000
Georgia Military Pension Fund *	463,574	231,787	231,787	231,787	231,787	231,787	1,622,509	2,793,161	58.1%	1,170,652
Public School Employees Retirement System *	6,128,834	3,064,417	3,064,417	3,064,417	3,064,417	3,064,417	21,450,919	32,357,000	66.3%	10,906,081
TOTAL EXPENSES BY PROGRAM	\$ 7,793,430	\$ 7,497,393	\$ 5,355,051	\$ 5,984,281	\$ 5,042,135	\$ 7,481,105	\$ 39,153,395	\$ 98,526,561	39.7%	\$ 59,373,166

* Expenditures of state appropriated funds only

EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
Statement of Expenses - Retirement System Administration
Other Funds Only

	July 2024	August 2024	September 2024	October 2024	November 2024	December 2024	Year to Date FY 2025	Budget FY 2025	YTD as % of Budget	Remaining Budget
Personal Services	\$ 1,067,796	\$ 1,067,844	\$ 1,070,908	\$ 1,094,580	\$ 1,099,701	\$ 1,076,636	\$ 6,477,465	\$ 13,554,222	47.8%	\$ 7,076,757
Regular Operating Expenses	1,645	33,452	18,952	52,532	29,118	75,317	211,016	413,000	51.1%	201,984
Equipment	-	-	111,509	469,771	-	-	581,280	649,550	89.5%	68,270
Computer Charges	65,562	108,888	114,161	344,145	7,920	12,765	653,441	1,293,000	50.5%	639,559
Real Estate Rentals	54,014	54,014	54,014	54,014	54,014	54,014	324,084	650,000	49.9%	325,916
Telecommunications	10,221	9,643	12,764	11,249	16,825	14,452	75,154	176,300	42.6%	101,146
Contractual Services	(14,775)	2,529,751	322,319	248,986	77,696	2,558,134	5,722,111	14,655,581	39.0%	8,933,470
TOTAL EXPENSES	\$ 1,184,463	\$ 3,803,592	\$ 1,704,627	\$ 2,275,277	\$ 1,285,274	\$ 3,791,318	\$ 14,044,551	\$ 31,391,653	44.7%	\$ 17,347,102

EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA
Statement of Expenses - Deferred Comp Administration
Other Funds Only

	July 2024	August 2024	September 2024	October 2024	November 2024	December 2024	Year to Date FY 2025	Budget FY 2025	YTD as % of Budget	Remaining Budget
Personal Services	\$ 49,166	\$ 49,166	\$ 48,910	\$ 48,848	\$ 50,308	\$ 48,432	\$ 294,830	\$ 620,274	47.5%	\$ 325,444
Regular Operating Expenses	(180)	2,231	2,492	-	2,081	2,011	8,635	39,000	22.1%	30,365
Equipment	-	-	-	-	-	-	-	-	0.0%	-
Computer Charges	-	-	-	-	-	-	-	15,000	0.0%	15,000
Real Estate Rentals	1,039	1,039	1,039	1,039	1,039	1,039	6,234	12,600	49.5%	6,366
Telecommunications	-	-	-	-	-	-	-	-	0.0%	-
Contractual Services	(35,200)	344,294	300,912	362,046	406,362	341,234	1,719,648	4,537,473	37.9%	2,817,825
TOTAL EXPENSES	\$ 14,825	\$ 396,730	\$ 353,353	\$ 411,933	\$ 459,790	\$ 392,716	\$ 2,029,347	\$ 5,224,347	38.8%	\$ 3,195,000

Amendment to the Rules and Regulations of the Employees' Retirement System (ERS)

February 2025

Table of Contents

Overview of Rule Change	2
Proposed Rule Change (to an existing rule)	3
Appendix	5
ERS Funding Policy Updates April 2024	5
ERS Board Minutes April 2024	9

Overview of Rule Change

The Employees' Retirement System (ERS) is proposing the following amendments to the Official Rules and Regulations of the State of Georgia for your consideration:

- ❖ **Proposed Rule Change (to an existing rule)**: Section 2 update to the post-retirement benefit adjustment may be granted to beneficiaries who are receiving a disability allowance regardless of age.

Proposed Rule Change (to existing rule)

Rule

ERS Rule 513-1-1-.05

- (1) "Post-retirement benefit adjustment" shall not include any increases in member's retirement benefit associated with the type of optional form of payment selected at retirement. Such adjustments shall not include changes to a beneficiary's Supplemental Guaranteed Lifetime Income annuity.
- (2) Annually, cost-of-living post-retirement benefit adjustment(s) may be granted to each beneficiary who has surpassed the later of their Retirement Date or Normal Retirement Date (as defined in the Funding Policy) by at least twelve (12) months. The cost-of-living post-retirement benefit adjustment may be granted to beneficiaries who are receiving a disability allowance and have surpassed ~~the later of~~ their Retirement Date ~~or age forty four (44)~~ by at least twelve (12) months. Any increase shall apply only to the current retirement allowance not in excess of the Social Security wage base as established for that calendar year.
- (3) An ad hoc post-retirement benefit adjustment may be granted based upon provisions adopted by the Board of Trustees and shall apply to the retirement allowance not in excess of the Social Security wage base as established for that calendar year.
- (4) Any increase in benefit shall become effective only if the necessary appropriations/funds are available to maintain the actuarial soundness of the System.
- (5) A member who becomes or became a member of this retirement system on or after July 1, 2009 shall not be entitled to receive any post-retirement benefit adjustment.

Statutory Citation(s)

- ❖ O.C.G.A. § 47-2-29(a)

(a) On a date to be established by the board of trustees, but not before April 1, 1967, the board of trustees is authorized to adopt a method of providing for postretirement benefit adjustments for the purpose of maintaining essentially no less purchasing power for a beneficiary in his postretirement years. Such method shall be based upon:

- (1) Recommendation of the actuary for the board of trustees;*
- (2) Maintaining the actuarial soundness of the retirement system;*
- (3) Its application to the retirement income of members retiring on or after the adoption of such method by the board of trustees; and*
- (4) Any additional contribution by the member in an amount not to exceed one-fourth of 1 percent of his monthly earnable compensation.*

This Code section shall also be applicable to those members retiring before April 1, 1967.

Consideration for Adoption

DATE: April 17, 2025
TIME: 10:00 A.M.
ADDRESS: Two Northside 75
Board Room
Atlanta, GA 30318

Appendix

Funding Policy of the ERS Board of Trustees – Adopted 4/18/2024

The purpose of this Funding Policy is to state the overall objectives for the Employees' Retirement System of Georgia (System), the benchmarks that will be used to measure progress in achieving those goals, and the methods and assumptions that will be employed to develop the benchmarks. It is the intent of the ERS Board of Trustees that the Funding Policy outlined herein will remain unchanged until the objectives below are met.

This Funding Policy supersedes and replaces the Funding policy that was originally adopted by the Board of Trustees on December 19, 2013 and most recently amended on April 21, 2022.

I. Funding Objectives

The goal in requiring employer and member contributions to the System is to accumulate sufficient assets during a member's employment to fully finance the benefits the member is expected to receive throughout retirement. In meeting this objective, the System will strive to meet the following funding objectives:

- To develop a pattern of contribution rates expressed as a percentage of employer payroll and measured by valuations prepared in accordance with applicable State laws and the principles of practice prescribed by the Actuarial Standards Board.
- To maintain an increasing funded ratio (ratio of actuarial value of assets to actuarial accrued liabilities) that reflects a trend of improved actuarial condition. The long-term objective is to obtain a 100% funded ratio over a reasonable period of future years.
- To maintain adequate asset levels to finance the benefits promised to members and monitor the future demand for liquidity.
- To promote intergenerational equity for taxpayers with respect to contributions required for the benefits provided by the System.

II. Measures of Funding Progress

To track progress in achieving the System's funding objectives, the following measures will be determined annually as of the actuarial valuation date (with due recognition that a single year's results may not be indicative of long-term trends):

- **Funded ratio** – The funded ratio, defined as the actuarial value of assets divided by the actuarial accrued liability, should increase over time, before adjustments for changes in benefits, actuarial methods, and/or actuarial adjustments. The target funded ratio will be 100 percent within 20 years of the valuation date for the first valuation conducted following the adoption of this Policy (i.e. the June 30, 2021 valuation date).
- **Unfunded Actuarial Accrued Liability (UAAL)**
 - **Transitional UAAL** – The UAAL established as of the initial valuation date for which this funding policy is adopted (June 30, 2021) shall be known as the Transitional UAAL.
 - **New Incremental UAAL** – Each subsequent valuation will produce a New Incremental UAAL consisting of all benefit, assumption and method changes and experience gains and/or losses that have occurred since the previous valuations.
- **UAAL Amortization Period**
 - The Transitional UAAL will be amortized over a closed 20-year period beginning on the initial valuation date for which this funding policy is adopted.

- Each New Incremental UAAL shall be amortized over a closed 20-year period beginning with the year it is incurred.
- **Employer Contribution Rates**
 - **Employer Normal Contribution Rate** – the contribution rate determined as of the valuation date each year based on the provisions of Georgia Code Section 47-2-55 (1).
 - In each valuation subsequent to the adoption of this funding policy, the required employer contribution rate will be determined as the summation of the employer Normal Contribution Rate, a contribution rate for administrative expenses, the amortization rate for the Transitional UAAL and the individual amortization rate for each of the New Incremental UAAL bases.
 - The required employer contribution rate shall not be less than the Employer Normal Contribution Rate unless the funded ratio is greater than or equal to 105%, as determined by the actuarial valuation in which the employer contribution rate is set.
 - In no event shall the employer contribution rate decrease by more than 2% from one fiscal year to the next fiscal year.
 - In no event shall the employer contribution rate be less than 0%.
 - The valuation methodology, including the amortization of the Unfunded Actuarial Accrued Liability (UAAL), is expected to maintain reasonably stable contribution rates over time.

III. Methods and Assumptions

The annual actuarial valuations providing the measures to assess funding progress will utilize the actuarial methods and assumptions last adopted by the Board based upon the advice and recommendations of the actuary. These include the following primary methods and assumptions:

- The actuarial cost method used to develop the benchmarks will be the Entry Age Normal (EAN) actuarial cost method.
- The long-term annual investment rate of return assumption will be:
 - Effective with the June 30, 2021 valuation date, 7.20% net of investment expenses.
 - Effective with the June 30, 2022 valuation date, reduced by 0.10% (10 basis points) from the immediate prior actuarial valuation, as long as the following conditions are met:
 - The actual rate of return for the fiscal year ending with the current valuation date exceeds the assumed rate of return from the immediate prior actuarial valuation, and
 - The assumed rate of return does not decrease below 7.00% net of investment expenses.
- The Actuarial Accrued Liability and Normal Cost of the System will include an amount sufficient to amortize and prefund a variable Cost-of-Living Adjustment (COLA) for eligible retirees and beneficiaries of the System, as described in the Appendix.
- The actuarial value of assets will be determined by recognizing the annual differences between actual and expected market value of assets over a five-year period.

The employer contribution rates determined in an annual actuarial valuation will be at least sufficient to:

1. Satisfy the annual normal cost of the System, and
2. Amortize the UAAL as a level dollar amount over a period not to exceed 20 years (for the UAAL as of the June 30, 2021 valuation date, and for each successive year of gains and losses incurred in years following the June 30, 2021 valuation date).

However, in no event shall the employer contribution rate be less than 0%.

The actuary shall conduct an investigation into the System's experience at least every five years and utilize the results of the investigation to form the basis for recommended assumptions and methods. Any changes to the recommended assumptions and methods that are approved by the Board will be reflected in this Policy.

IV. Funding Policy Progress

The Board will periodically have actuarial projections of the valuation results performed to assess the current and expected future progress towards the overall funding goals of the System. These periodic projections will provide the expected valuation results over at least a 30-year period. The projected measures of funding progress and the recent historical trend provided in valuations will provide important information for the Board's assessment of the System's funding progress.

Adopted: April 18, 2024

APPENDIX

Beginning with the June 30, 2021 actuarial valuation, the Actuarial Accrued Liability and the Normal Cost of the System will include an amount sufficient to amortize and prefund a variable Cost-of-Living Adjustment (COLA) for eligible retirees and beneficiaries of the System. The manner in which such prefunded COLA will be calculated is described in this Appendix.

Definitions

1. Actuarial Rate of Return: based on the approximate five-year average annual investment rate of return and assumptions regarding the System's cash flows; calculated by the System's actuaries in the annual valuation (see valuation Schedule B – Development of Actuarial Value of Assets).
2. COLA Rate: the percentage increase to be applied to the payee's monthly retirement benefit under the System.
3. Excess Return: the difference between the Actuarial Rate of Return and the Hurdle Rate.
4. Hurdle Rate: the minimum investment performance, as measured against the Actuarial Rate of Return, required in order for a COLA to be considered in a given year.
5. Normal Retirement Date: generally age 60 (55 for certain law enforcement members) with 10 years of service or any age with 30 years of service.
6. Retirement Date: the effective date of a member's retirement.
7. Shareable Portion: determined by multiplying the Excess Return by a factor which is dependent on the System's funding ratio.
8. Supplemental Guaranteed Lifetime Income (SGLI): monthly payments from the System which are funded entirely by one or more rollovers from either or both of a retiree's Peach State Reserves 401(k) or 457 plans, and not based on the retiree's years of service as a member of the System.

Determination of COLA

1. The COLA for a given fiscal year will be effective no earlier than July 1 following the approval of the most recent actuarial valuation.

2. The Hurdle Rate is set at 6.0%.
3. Determine the Excess Return as the difference between the Actuarial Rate of Return in the most recent actuarial valuation and the Hurdle Rate.
 - a. If the Actuarial Rate of Return is below the Hurdle Rate, the Excess Return is 0%, and no COLA will be paid for that year.
 - b. If the Actuarial Rate of Return is above the Hurdle Rate, the Excess Return is greater than 0%. Continue to Step 4.

4. Determine the Shareable Portion by multiplying the Excess Return by the factor returned from the following table, based on the most recent approved actuarial valuation:

System Funding Ratio	Factor
< 70.00%	0.00
70.00% - 79.99%	0.25
80.00% - 89.99%	0.50
90.00% - 99.99%	0.75
>=100.00%	1.00

5. Determine the SSA OASDI COLA rate for the current calendar year, as published on www.ssa.gov (generally in October or November of the preceding calendar year).
6. The COLA Rate is the lesser of the Shareable Portion and the SSA COLA rate as determined in Step 5, rounded to the nearest 0.25%.
 - a. However, in no event shall the COLA Rate be less than 0% or greater than 3%.
7. The COLA will be paid to all statutorily eligible retirees who have surpassed the later of their Retirement Date or Normal Retirement Date by at least 12 months.
 - a. The COLA will also be paid to beneficiaries of deceased members or retirees who have otherwise met the requirements of this Step 7.
8. Effective April 18, 2024, the COLA will also be paid to all statutorily eligible Disabled retirees, regardless of their age.
 - a. The COLA will also be paid to beneficiaries of deceased Disabled retirees who have otherwise met the requirements of this Step 8.
9. In no event will the COLA Rate be added or applied to that portion of a retiree's or beneficiary's monthly benefit payment which is in excess of one-twelfth (1/12) of the Social Security Wage Base for that calendar year, as published on www.ssa.gov.
10. In no event will the COLA Rate be added or applied in any fashion to any retiree's SGLI payments.



Two Northside 75, Suite 300, Atlanta, GA 30318-7701 404.350.6300 800.805.4609 ers.ga.gov

**EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA MINUTES OF
ANNUAL MEETING OF BOARD OF TRUSTEES BETA BUILDING,
BOARD ROOM, FIRST FLOOR
April 18, 2024
10:00 A.M.**

The following Trustees were in attendance: Homer Bryson, Chair; Frank F. Thach, Jr, Vice Chair; Eli Niepoky; Greg S. Griffin; Rebecca Sullivan; and Rhonda Wilson. Steve McCoy attended via conference call.

Administrative and support personnel in attendance: Jim Potvin, Executive Secretary (Executive Director); Michelle Heinecke, Executive Assistant to the Director; Angie Surface, Deputy Director and Peach State Reserves Division Director; Susan Anderson, Chief Operating Officer and Member Services Division Director; Kelly Moody, Legislative Affairs Division Director; Chris Hackett, Information Technology Division Director; Danielle Templeton, Communications Division Director; Jennifer Peake, Financial Management Division Director; Flavia Peynado, Quality Assurance Division Director; Nicole McGlathery, Human Resources Division Director; Hanna Canavan, Legal and Policy Research Analyst; Keith Badalamente, Senior Systems Development and Support Manager; Quentin Peterson, Information Technology Help Desk Supervisor; Rosalyn Ridgeway and Adreana Niles, Customer Care Group Specialist; LaToya Bradley, Member Services Manager; Ashley Waller and Angela Gao, Quality Assurance Business Analyst; Anna Geist, Quality Assurance Business Operations Manager; Jamie Ianson, Communications Specialist; Patrice Newark, Human Resources Generalist; Laura Lanier, Chief Financial Officer; Mike Jackson, Assistant Controller; and Tom Horkan, Co-Chief Investment Officer, and Trey Shipp, Co-Director of Equities, Division of Investment Services.

Also present were Ed Koebel, Chief Executive Officer, Cathy Turcot, Principal and Managing Director, and Ben Mobley, Senior Actuary, Cavanaugh Macdonald Consulting, LLC; Buster Evans, Executive Director, Teachers Retirement System of Georgia; Dan Regenstein, Chief of Staff, Department of Administrative Services; Patrick Love, Analyst, Office of Policy and Legislative Analysis; Lindsay McVicar, Senior Program Analyst, Georgia Senate Budget and Evaluation Office; Angie Ledford, Human Resources Manager, and Kevin Jones, Deputy Director, Human Resources; Georgia Department of Public Safety; Sara Arroyo, Education Division Analyst, Georgia House of Representatives Budget and Research Office; Bob Bray, Executive Director, Council of State Court Judges; Robert Riddle, Chuck Clay, Jim Sommerville, Beverly Littlefield, Joseph Drolet, and Chuck Freedman, Georgia State Retirees Association; and several retirees.

Chair Homer Bryson called the meeting to order.

Motion was made by Frank Thach, seconded by Rebecca Sullivan, and unanimously adopted to approve the Minutes of the bi-monthly meeting of February 15, 2024.

Motion was made by Eli Niepoky, seconded by Greg Griffin, and unanimously passed approving and confirming all actions of the Investment Committee as set forth in the Investment Committee Minutes of February 15, 2024 and March 21, 2024.

Chair Bryson recognized Mr. Potvin for having 15 years of service with the State of Georgia and presented him with a Faithful Service Award.

Mr. Potvin reviewed the ERS Secretary's Report for the annual meeting, which detailed trend data, transactional data, etc. over the years, pointing out the following:

- Fund market values show a steady growth in the asset base of the various systems with a 12.5% year-to-date investment return through March 2024. Currently, the fiscal year-to-date rate of return is approximately 8.5%; which includes a 4% decrease thus far in April.
- Contributions received are up-to-date. Currently, the amount of ERS employer contributions is approximately \$850 million per year, compared to \$600 million per year two years ago. COLA prefunding, an increase in hiring which has boosted the employee base, and raises which increased the payroll have contributed to the overall increase in contributions.
- Salary spiking invoices have increased to \$4,270,000 in 2023. The \$5,000 raise given to all State employees in 2022 impacted those that retired within 12 months after the increase and were invariably in receipt of an increase of more than 5%, producing salary spiking invoices to their employers at a very high rate.
- Retiree payroll continues to grow at a slow pace, growing about three quarters of 1% year over year for ERS and 1% for all systems combined. In the month of March, there was an increase in the number of retirees, especially in the ERS. A letter was sent to vested members who were past their normal retirement age. Some of these contacted members elected to receive their benefit, increasing the number of new retirements.
- Retiree and member deaths have declined to roughly pre-pandemic levels. There had been a 15 to 20% increase for a couple of years, consistent with TRS and other systems around the country.
- A little over 12% of the ERS active population is currently retirement eligible, which is a stable number despite the changes in the active employee population size.

Mr. Potvin reviewed the following legislation:

Signed by the Governor:

- HB 915 – *Amended FY24 budget* – The amended budget includes \$26,750,000 to support one-time benefit adjustments for eligible ERS retirees as authorized by the Board of Trustees, as well as \$500 million for ERS to strategically invest to increase the plan's funded ratio in order to improve the long-term financial health of the system. The \$500 million infusion will show up on next year's actuarial valuation report.

Passed Both Houses (Awaiting Governor Action):

- HB 385 – This bill amends Title 47 to include Space Force, Space Force Reserves, and Marine Corps Reserves to the definition of "uniformed services" relating to the type of military service creditable in State retirement systems.
- HB 481 – Investment decisions are to be made for the benefit of the System and to not take any other factors into account other than the financial interests relative to risk of the System.
- HB 916 – *FY25 budget* – Includes the \$26.75 million to allocate towards post-retirement benefit adjustments; however, there is no mention of another \$500 million cash infusion at this time. Mr. Potvin expressed during a budget appropriations hearing that it would take about \$1.5 billion to get to 80% funding, which suggests the possibility of three \$500 million cash infusions.

Failed to Receive Full Passage:

- Alternative Investments (HB 285/SB 240) – This bill would have raised the allowable percentage of assets ERSGA may invest into alternative investments from the current 5% cap to 10%. This bill will be proposed again in a future session.
- HB 472 – This bill would have provided injury in the line of duty benefits to certain law enforcement personnel who are officers, deputy commissioners, and commissioners of the Motor Carrier Compliance Division and the Capital Police Division of the Department of Public Safety.
- HB 824 - This State Law Enforcement Officer (SLEO) plan would have greatly increased the pension benefit available to certain active law enforcement officers.
- SB 117 - This bill would have allowed beneficiaries to assign Group Term Life Insurance (GTLI) benefits to a funeral home to pay for the cost of funeral services for a deceased member.

Mr. Potvin highlighted the following projects:

Communications

- All of the defined benefit (DB) plans now have short summary Retirement Minute videos on the ERSGA website, ers.ga.gov/videos-and-presentations. Continuing to build out the online video library, Communications is now beginning to work on "Navigating your Retirement", which will turn the retirement seminar WRAP session into a 12-part video series members can view online.

Document Center

- There has been a 10% increase in both incoming and outgoing mail.

Financial Management

- Continues their support of payroll processing, data collection and evaluation, Governmental Accounting Standards Board (GASS) 68 and 75 audit support.

Human Resources

- 13 positions were filled throughout the year.
- Participated in a recruitment career fair event at Georgia State University.
- Collaborated with Communications to redesign the career page on our website.
- Facilitated yearly workforce planning.

Information Technology

- The Applications Development Team initiated a pair of projects to make the user experience more secure when web accounts are being created: identity verification through LexisNexis, and multi-factor authentication.
- Operations has installed web applications, firewall, and various email defense mechanisms that protect staff while working remotely.
- The Support Center has issued laptops to nearly 100% of the staff and has made enhancements to audio and visual capabilities to the Board Room, Training Room, and one other heavily used conference room.

Legislative Affairs

- Tracked over 180 Bills throughout Session.

- The new District Mapping Vendor, FiscalNote, allows us to share pertinent information for not only ERS and PSERS, but for all of the Systems, including Peach State Reserves.

Member Services

- Started a project to reach out to vested members and beneficiaries of deceased members, proactively informing them that there is a benefit available to them and to inform them of how to start the process to receive it.

Quality Assurance

- Assisted with testing behind the scenes on various projects, most notably the annual statements.

Two charts were reviewed that reflect the following:

- (1) ERS membership changes for 1990-2023 for active and retired members - Last year the retiree to active ratio was less than one. This year active members increased, so the System is currently at a one-to-one ratio.
- (2) ERS historical sources of funds to pay benefits from 1990-2023 include employee contributions, employer contributions, investment earnings and the benefits distributed. Cash flow, including investment returns, were positive last year, as well as this year thus far.

Mr. Potvin reviewed the Secretary's Report for the Legislative Retirement System (LRS), stating that market value is about \$41.5 million, and there are 219 active members and 280 retirees.

Mr. Potvin reviewed the following legislation:

Passed Both Houses (Awaiting Governor Action):

- HB 385- This bill amends Title 47 to include Space Force, Space Force Reserves, and Marine Corps Reserves to the definition of "uniformed services" relating to the type of military service creditable in State retirement systems.
- HB 481 - Investment decisions are to be made for the benefit of the System and to not take any other factors into account other than the financial interests relative to risk of the System.

Failed to Receive Full Passage:

- Alternative Investments (HB 285/SB 240) - This bill would have raised the allowable percentage of assets ERSGA may invest into alternative investments from the current 5% cap to 10%. This bill will be proposed again in a future session.
- HB 823 HB 829, and SB 308 - These three bills in various ways sought to enhance the benefits to LRS members. Some focused on the retired population, and at least one of these bills would have further increased the active multiplier from \$50 to \$75.

Mr. Potvin highlighted the following projects: Legislative

Affairs

- Member statements, which are sent every other year, were sent to active LRS members this year.

Mr. Potvin reviewed two charts that reflect the following:

- (1) ERS membership changes for 1990-2023 for active and retired members - Not a lot of change in active membership; however, retired membership continues to grow, currently totaling around 300 making the active to retiree ratio about 0.75 to 1.
- (2) ERS historical sources of funds to pay benefits from 1990-2023 include employee contributions, employer contributions, investment earnings and the benefits distributed. The chart shows the effects of a good investment return in FY23 of about 11%.

Mr. Potvin reviewed the Secretary's Report for the Georgia Military Pension Fund (GMPF), pointing out that this is the newest of the plans ERSGA has. The plan continues to grow with just under 14,000 active members and over 1,000 retirees. Communications finished the GMPF plan video featuring enthusiastic participation from the Guard.

Mr. Potvin reviewed the Secretary's Report for the Georgia Defined Contribution Plan (GDGP), pointing out that the active population has remained in the 15,000 - 16,000 range for several years. Members do not always take a refund when they leave, so market value has grown close to \$150 million.

Mr. Potvin reviewed the Secretary's Report for Peach State Reserves (PSR), pointing out the following:

- Total assets are very close to \$3 billion for both plans, with a little over two-thirds of assets residing in the 401(k) plan.
- Participants are approximately 93,000 for both plans, with roughly 60,000 contributing.
- Out of the 42,000 active GSEPS members, about 95% of them are actively contributing.
- Employer matching contributions more than doubled to \$94.5 million in FY23, and this year contributions are on pace for \$109.4 million.

Mr. Potvin highlighted the PSR projects:

- Annual statements were sent out at the end of March.
- The GSEPS population has had some pay increases, particularly in the last two years, moving members closer towards the designated retirement saving goal of 80% income replacement in their first year of retirement.

Mr. Potvin completed the Secretary's Report.

Mr. Koebel reviewed the actuarial information for ERS as of June 30, 2023, highlighting the following:

- Investment returns for 2023 fiscal year were above expectations on a Market Value basis at 11.1% and slightly below expectations on an Actuarial Value basis at 6.9%.
- The investment return assumption decreased from 7.2% to 7.1% for this valuation.
- The Board granted a 0.5% Cost of Living Adjustment (COLA) to certain retirees and beneficiaries effective July 1, 2023.
- The Unfunded Liability increased and Funded Ratio decreased slightly.
- The GSEPS contribution remained the same.
- Pay raises were much higher than our assumption.

The number of active members as of June 30, 2023 was 54,781, while the number of retirees totaled 54,688. The fair value of assets increased from \$13.8 billion to \$14.7 billion, and the actuarial value of assets increased from \$14.6 billion to \$15.0 billion. The unfunded actuarial accrued liability increased from \$5.6 billion to \$5.9 billion, mainly due to the investment assumption change and the pay raises being greater than expected. The funded ratio decreased from 72.2% as of June 30, 2022 to 72.0% as of June 30, 2023. The unfunded actuarial accrued liability as of June 30, 2023 will be amortized as a level dollar amount over a closed 15.3-year period. The actuarially determined employer contribution rate of payroll for fiscal year 2026 decreased from 24.45% to 24.40% for Old Plan; decreased from 29.20% to 29.15% for New Plan; and remained at 25.51% for GSEPS.

Motion was made by Greg Griffin, seconded by Frank Thach, and unanimously adopted to approve the ERS valuation report.

Mr. Potvin reviewed the proposed change to the ERS Funding Policy removing the minimum age requirement for disabled retirees, making all disabled retirees (hired before 7/1/2009) eligible to receive a COLA or any form of post-retirement adjustment.

Motion was made by Rebecca Sullivan, seconded by Eli Niepokoy, and unanimously adopted to approve the proposed change to the ERS Funding Policy.

Mr. Potvin reviewed the COLA Formula Definitions from the Funding Policy:

- Actuarial Rate of Return (ARR) - actuarial calculation based on approximate five-year average investment return and certain cash flow assumptions.
- Hurdle Rate - the minimum investment performance required in order for a COLA to be considered in a given year
- Excess Return - the difference between the ARR and the Hurdle Rate
- Shareable Factor - the percentage of the Excess Return that can be given as a COLA, based on the System's Funding Ratio.
- Inflation Rate - equal to the Old-Age, Survivors, and Disability Insurance (OASDI) COLA rate provided by the Social Security Administration (SSA) for current Social Security (SS) recipients as of the most recent January 1.

Based on the COLA calculation for FY25 below, Mr. Potvin recommended the Board approve a 0.25% COLA to be effective July 1st.

1. Actuarial Rate of Return = 6.87%
 - Hurdle Rate= 6.00%
2. Excess Return = 6.87% - 6.00% = 0.87%
3. Funding Ratio = 70.0%
 - Shareable Factor= 0.25
4. Shareable Portion = 0.87% x 0.25 = 0.22%
 - Rounded to nearest 0.25% = 0.25%
5. Inflation Rate (per SSA COLA Rate)= 3.20%
 - Inflation Rate capped at 3.00%
6. COLA Rate = lesser of 0.25% and 3.00% = 0.25%

Motion was made by Eli Niepokoy, seconded by Frank Thach, and unanimously approved for a 0.25% COLA for retirees and beneficiaries, effective July 1st, 2024, per Mr. Potvin's recommendation.

As mentioned previously by Mr. Potvin, the AFY 24 budget includes \$26.75 million for the Board to distribute to eligible retirees and beneficiaries in the form of a non-compounded one-time payment. Last year the Board approved a flat payment of approximately \$530 per payee, with some exceptions. This year, Mr. Potvin proposed a target one-time, non-compounding payment of 4.75% of annual benefit to payees with lowest benefit amounts, to the extent supported by the budgeted amount and a flat payment to the remainder of the (higher-income) population.

If a survivor benefit is spread between multiple beneficiaries, each beneficiary will share proportionally in the one-time payment described above, so that the total one-time benefit payable on behalf of the deceased member does not exceed a payment of about \$560.

Motion was made by Frank Thach, seconded by Rebecca Sullivan, and unanimously approved for a one-time payment equal to 4.75% of the annual ERS benefit in pay as of June 2024, to a maximum payment of about \$560 for ERS retirees and beneficiaries.

The exact amount of payment will be determined at the time of payment.

Mr. Koebel reviewed the actuarial information for LRS as of June 30, 2023, highlighting the following:

- The investment return assumption decreased from 7.2% to 7.1% for this valuation.
- Demographic experience showed more than 20% of active membership in 2022 valuation either retired, terminated, or lost their seat in the 2022 election.
- The Board granted a 2.0% COLA to certain retirees and beneficiaries effective July 1, 2023.

There were 221 active members and 297 retirees as of June 30, 2023. There was an increase in the fair value of assets from \$36.0 million to \$38.3 million and an increase in the actuarial value of assets from \$38.1 million to \$39.0 million. The unfunded accrued liability is negative, meaning that that this plan has a surplus of assets to cover all accrued liabilities. The funded ratio is 130.0%, which is a decrease from last year's funded ratio of 133.7%. The system remains very well-funded. Since the system is over 100% funded, there are no annual required employer contributions.

Motion was made by Greg Griffin, seconded by Frank Thach, and unanimously adopted to approve the LRS valuation report.

Based on the COLA calculation for FY25 below, Mr. Potvin recommended the Board approve a 1.00% COLA.

1. Actuarial Rate of Return = 6.90%
 - Hurdle Rate = 6.00%
2. Excess Return = 6.90% - 6.00% = 0.90%
3. Funding Ratio = 130.0%
 - Shareable Factor = 1.00
4. Shareable Portion = 0.90% x 1.00 = 0.90%
 - Rounded to nearest 0.25% = 1.00%
5. Inflation Rate (per SSA COLA Rate) = 3.20%
 - Inflation Rate capped at 3.00%
6. COLA Rate = lesser of 1.00% and 3.00% = 1.00%

Motion was made by Eli Niepoky, seconded by Frank Thach, and unanimously approved for a 1.0% COLA for retirees and beneficiaries, effective July 1, 2024, per Mr. Potvin's recommendation.

The 1.0% increase as of July 1, 2024 will be reflected in the July monthly benefit payment payable at the end of July. This increase will be payable for life. A one-time payment will NOT be paid this year.

Mr. Koebel reviewed the actuarial information for GMPF as of June 30, 2023, highlighting the following:

- The investment return assumption decreased from 7.2% to 7.1% for this valuation.

There are 13,913 active members and 1,551 retirees as of June 30, 2023. There was an increase in the fair value of assets from \$34.9 million to \$39.8 million and an increase in the actuarial value of assets from \$37.2 million to \$40.6 million. The unfunded actuarial accrued liability is \$17.9 million, which will be amortized as a level dollar amount over a closed 11.0-year period. The funded ratio has increased from 66.4% last year to 69.5% on June 30, 2023. The actuarially determined employer contribution amount for fiscal year 2026 is \$2.8 million, which is relatively level from fiscal year 2025.

Motion was made by Rebecca Sullivan, seconded by Greg Griffin, and unanimously adopted to approve the GMPF valuation report.

Mr. Shipp recommended that the Supplemental Guaranteed Lifetime Income (SGLI) interest rate be set at 4.75%.

Motion was made by Frank Thach, seconded by Greg Griffin, and unanimously approved for the FY25 interest rate for the Supplemental Guaranteed Lifetime Income conversions at 4.75.

With no further business to discuss, motion was made by Eli Niepoky, seconded by Rebecca Sullivan, to adjourn.