



The ADVISOR

TEACHERS, EMPLOYEES, and JUDICIAL



Governor Backs Off Proposal

By Philip Rawls, Associated Press

Gov. Robert Bentley has backed off his first major proposal for the 2013 legislative session starting Feb. 5.

The Republican governor began talking in September about passing financial incentives to get veteran state employees to retire and reduce the state payroll. Then during the holidays, Bentley said in a short news release he was pulling the proposal because the state was saving money in other areas.

His decision came after only a few hundred state workers expressed interest in such incentives and after the state pension system warned that the short-term savings on payroll might not be worth the long-term effect on pension and health insurance costs.

Bentley said he gave the plan a second look and decided the payroll was shrinking fast enough through departures and retirements.

“If we have the right number retire, then we will not have to give that incentive, and it will save the state money,” Bentley said in an interview....

The drop has been significant, according to State Comptroller Tom White. He said there were 38,987 employees on the state payroll in December 2010, which was Gov. Bob Riley’s last full month in office, and 34,911 in December 2012....

The governor said he never saw numbers indicating how many were planning to retire anyway. But staff research found that if incentives were given to people who already had planned to retire within three months, the state would actually lose money, he said.

David Bronner, CEO of the Retirement Systems of Alabama, had urged Bentley to go slow. He said that if people retire early, the state may save on payroll if the worker doesn’t have to be replaced. But that also means the worker is paying into the state pension system for fewer years before drawing benefits. That could lead to more costs for the state.

“Sometimes what appears to be a cost savings is just a cost shifting,” he said. He recommended the governor let attrition and his state hiring freeze gradually reduce the payroll. And that is ultimately what the governor decided to do.

“What we are really doing right now is just postponing it and making a final decision later,” Bentley said. ■

Economics of Medicare

By David G. Bronner

According to a Quinnipiac poll, 70% of Americans are opposed to spending cuts in Medicare, with only 25% supporting cuts.

David Brooks of *The New York Times* recently wrote, “This is the crucial element driving federal spending over the next few decades....And there are no conceivable tax increases that can keep up with this spending rise....As a result, healthcare spending, which people really appreciate, is squeezing out all other spending, which they value far less.”

Brooks blames the American voters for, “...liking spending a lot on themselves and pushing costs onto their children and grandchildren.”

That sounded harsh until you look at the numbers from the Urban Institute, which shows the average Medicare couple pays \$109,000 into the program and gets \$343,000 in benefits out! That amounts to \$234,000 in free money.

Our Washington leaders have to get Medicare under control, otherwise it leads to our national credit standing being lowered again, which creates a host of new problems for this great country. ■

The Grand Hotel Earns International Nod



The Grand Hotel Marriot Resort, Golf Club & Spa, celebrating its 166 years as a historical institution of the South, has been named as one of the “Top 500 Hotels in the World” by *Travel & Leisure Magazine* for 2013.

The Grand Hotel is the **ONLY** hotel in Alabama, Mississippi, or the Florida panhandle to make the magazine’s list for 2013! ■

Member Responsibilities

Keep Informed

Your ERS or TRS/PEEHIP benefits are established by state law and are subject to change. Active and retired members need to keep up with changes that may affect benefits. Significant changes are included on our website, in your member handbook, and your monthly newsletter – *The Advisor*.

Keep Address Current

Having your current home mailing address on file with the ERS or TRS/PEEHIP is very important. Many significant documents are mailed to members such as your *Advisor*, ERS or TRS/PEEHIP Board of Control election ballots, Annual Statement of Account, RSA-1 statement, PEEHIP ID cards for insurance, and information about your PEEHIP coverages for TRS members.

You can change your address through Member Online Services on our website. You will need to set up a User ID and Password to log in. Be sure to

keep your User ID and Password secure to prevent unauthorized changes being made online to your address or other account information. You can also change your address in writing, with signature and Social Security number, either by letter or Address Change Notification form. The change of address form can be obtained from our website or requested from Member Services at 877.517.0020. For security reasons, address changes **cannot** be made through email or over the phone.

Keep Beneficiary Designation Current

It is very important for members to keep their beneficiary designations current. Failure to do so can result in possible loss of valuable benefits to your survivors. For active members, if you wish to change your beneficiary or in the event of marriage, divorce, or the beneficiary's death, you must file a new beneficiary designation with the ERS, TRS, and RSA-1.

The RSA 100-C Change of Beneficiary—Prior to Retirement form and RSA-1 Beneficiary Designation form are available on our website.

Retirees wishing to change beneficiaries should contact the RSA for information on what changes can be made based on the option they chose at the time of retirement and be provided with the appropriate form to make that change. Retirees who retire under the Maximum benefit or under Option 1 may change beneficiaries at any time and may designate multiple beneficiaries or the estate as beneficiary. If there is no designated beneficiary at the time of the retiree's death, the retiree's estate will be paid any death benefits.

A retired member who is receiving a benefit under a joint survivor option may designate a replacement beneficiary to receive a monthly survivor benefit only if the original beneficiary should predecease the retiree, or if the retiree and the designated beneficiary become divorced. ■

Montgomery tussle: Tiff between AEA's Mabry, RSA's Bronner isn't good for the state

The Anniston Star Editorial Board

"When elephants fight, it is the grass that gets trampled."—Old African proverb

Two of the state's biggest elephants are fighting in Montgomery.

David Bronner, chief executive of the Retirement Systems of Alabama, has accused Henry Mabry, head of the Alabama Education Association, of trying to pack the Teachers' Retirement System Board of Control with members loyal to the AEA.

Mabry denies it but has expressed concern that some board members have voted against teachers' interests by passing along health care and other cost increases during years when teachers got no pay raises. When Mabry, who is on the board by virtue of his AEA position, introduced a resolution to prohibit health insurance co-pay increases and require the board to approve future increases, the debate was "contentious" and the resolution was narrowly defeated.

Mabry then used the AEA's *Alabama*

School Journal, a newsletter that goes out to nearly 100,000 members, to identify how board members voted and remind AEA membership that it elected the board and it could just as easily "un-elect them."

This set off Bronner, who has never been shy when expressing his opinions and used the RSA newsletter to denounce what he called the "AEA director's power play."

If this disagreement is not resolved soon, no good can come from it.

There are those in state government who have been out for Bronner's hide for quite some time and would love to find an ally at the head of the AEA. Unlikely as that may seem, stranger alliances have been forged on Goat Hill.

Unfortunately, no simple solutions are on the horizon.

Bronner has correctly pointed out that adjustments in the health-care plan are nothing new. With costs rising and the state Legislature reluctant to help offset

the expense, the increase was deemed necessary. The fact that teachers paid less for their insurance than most private-sector employees meant there was little sympathy for keeping co-pays and premiums where they were.

Mabry also is correct when he says these increases amount to a pay cut for teachers. They do. However, by adding that he is "gravely concerned" over how returns on Retirement Systems' investments have not done as well as systems in other states, the AEA head takes the debate beyond health-care costs and into investment strategy—an area where other Bronner critics have focused.

While these two elephants fight, the "grass"—the teachers, active and retired—are the ones who stand to lose the most.

Working together, these men and their respective agencies can do much good for the people they represent and for the state. Divided, they will accomplish little beyond energizing their critics and weakening their own positions. ■

Grand National & Opelika-Auburn Economy

By Ethan Bernal, *The Auburn Plainsman*

Hidden in the secluded woods of Opelika on Lake Saugahatchee lies a 600-acre sanctuary for golf enthusiasts.

The Robert Trent Jones Golf Trail at Grand National features 54 scenic holes and boasts a country club atmosphere despite being a public course. Grand National, designed by legendary golf course architect Robert Trent Jones, serves as an escape for locals and a prime destination for tourists who surge the Opelika and Auburn economies.

In the late 1980s, Jones was recruited by Dr. David Bronner, CEO of the Retirement Systems of Alabama, to design professional-grade golf courses across Alabama to boost the state's economy by having a unique tourist attraction. Now the Trail has 11 sites across the state that received national acclaim, including the 2009 No. 1-ranked public course in the country by *Golf World*, Grand National in Opelika.

"(Bronner) wanted to change the image of the state of Alabama," Grand National Manager Scott Gomberg said. "What it did was it made tourism the No. 1 attraction for the state of Alabama. So the state got a new perception, as well as some unbelievable golf courses."

Grand National gives the Opelika-Auburn community an amenity to entice tourists. The money tourism generates in the small metropolitan area with a population of 136,000 is essential to an area that would otherwise struggle to draw tourists.

"This is not the beach," Opelika-Auburn Tourism Bureau Vice President Robyn Bridges said, "this is not Las Vegas, this is not a destination that people are going to come to because there's not a lot to do. The course is really our only draw that we can put out there. Our national advertising is heavily weighted toward the course."

Since the Trail opened across the state in the 1980s, tourism in Opelika-Auburn has shown steady growth, an average of 10 percent a year. Even in a down economy in 2008 and 2009, the growth was able to continue, though not in the double digits.

"When that project began back in the mid-1980s, tourism in the state of Alabama was about a \$2 billion industry,"



Bridges said. "Now, tourism in the state of Alabama is a \$10 billion industry and much of the credit has been given to the Robert Trent Jones Golf Trail."

Gomberg said Grand National hosts between 65,000 and 66,000 rounds a year. At an average of \$42 per round, just the golf generates \$2.75 million per year. But the golf is not the whole story why Grand National is beneficial to the community.

"We also built a hotel on property here in the Marriott," Gomberg said. "So now we've got the taxes from the Marriott going straight to tourism. So we have those impacts right there, plus you have the people coming in that are shopping and putting Auburn/Opelika on the map." The Marriott is also owned by the Retirement Systems of Alabama and frequently sells out its 129 rooms at an average of \$150 per night.

"It really is a great benefit to bring in tourists," Marriott Manager Jay Prater said. "Bringing in their dollars impacts the tax base and keeps our residents' taxes low because we're able to have the tourists come in and spend money at our restaurants and hotels. That tax revenue goes back to the cities and counties, and therefore it lessens the tax burden on everyone else in the community."

The Auburn-Opelika Tourism Bureau is funded by the 13 percent lodging tax from hotels. Tourism generates \$256 mil-

lion per year in Auburn-Opelika and provides 5,000 jobs.

"Tourism is a very clean business," Bridges said. "If you have to go out and recruit an auto company to come and be in the city and bring jobs and bring money, then we have to pay for those people to go to school, we have to pay for those people to live here and we have to pay for the expense of having them as citizens. Whereas something like tourism, the people come, they spend their money, they leave. We call it easy money."

The Trail draws crowds primarily in the fall and spring, but stays busy year-round. The top-quality golf is attractive to tourists across the county, and across the border.

"Right now we've got tons of Canadians walking through the doors," Gomberg said. "When you look at the Trail broken down by tourism, we have tons of people from California, Chicago, Minnesota, Wisconsin, Michigan, all those northern states. When it's still cold there, but starts warming up here in Alabama, we have a lot of play in that March, April, May time zone when their courses are still closed."

..."It is definitely one of our biggest attractors," Bridges said. "It's actually second, we think based on studies we've done, to Auburn University in terms of what brings the most people into the area: leisure travelers." ■

Report — Street Lights that are out — to the Power Company! Report — Weedy Lots — to the Mayor!

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- April 1-4, 6-13, 16-27, 30

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- April 5-7, 21-22, 28-29

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Special Notice on 2012 Federal Withholding for Retirees and Beneficiaries

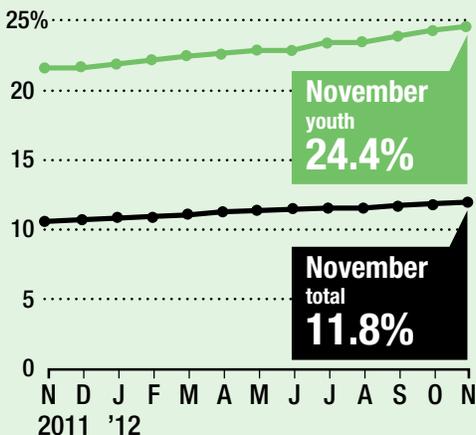
IRS 1099-R Income Statements for use in filing a personal income tax return were mailed at the end of January to retirees and beneficiaries who received benefit payments in 2012. If you do not receive this form by February 8, 2013, please contact the RSA toll-free at 877.517.0020 to request a duplicate.

Please review your tax information and if you wish to change the amount of federal taxes being withheld from your monthly retirement benefit, please submit a new W-4P.

Information to assist you in the tax reporting of your retirement benefit is available on our website at www.rsa-al.gov. ■

Steady Climb

Euro-zone unemployment rate,
seasonally adjusted



Source: Eurostat



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