



The ADVISOR

TEACHERS, EMPLOYEES, and JUDICIAL



RSA Requests AG Opinion

The statutes governing when and under what conditions an RSA retiree can work for an ERS or TRS participating employer without losing benefits clearly provide that an employed retiree will not have his or her retirement benefits terminated if (1) the person is not employed in a permanent full-time capacity and (2) the person’s compensation from the employer does not exceed \$22,000 in 2012. The RSA has consistently interpreted the benefit termination and “return to service” provisions as inapplicable to a retiree who works in a true independent contractor relationship with a participating employer. For example, it is perfectly acceptable for a state employee in law enforcement to retire and join a company that has a contract to provide security services to a state agency, even if the retiree is assigned by his company to work security at a state building.

In recent years, however, the interpretation of these statutes has become increasingly confused. Many participating employers have operated under the erroneous impression that the law will allow a retiree to work for them without losing benefits despite working full-time or earning in excess of \$22,000 merely because the retiree is employed through a contract with a third party. Under common law as summarized in the IRS “20 factor test,” contracting through a third party alone is not sufficient to create a true independent contractor relationship. For that reason, we have requested an opinion from the Attorney General to finally settle this question and ensure that the RSA is administering the law correctly and consistently. ■

Marriott Shoals Receives #1 Rating

Source: *TimesDaily*



The Marriott Shoals overlooking Wilson Dam has been chosen as the year’s top Marriott property in North America in terms of guest satisfaction. The property has been consistently ranked among the 10 best Marriott facilities each year since the Shoals operation opened in June 2005. The facility was rated sixth best in 2011.

Guests at each property are asked to complete a survey seeking input in a variety of categories at the 337 Marriott facilities in North America. Among the top rankings achieved by Marriott Shoals were overall satisfaction, guest service, quality of food, best spa, quality of golf, providing secure and safe environment, and well maintained and clean facility.

The overall satisfaction ranking was 92.1 percent for the year. Tying for second on the list were the Marriott Meadowview Conference Center and Resort in Kingsport, Tennessee, and the Marriott Montreal Airport facilities. They were followed by Marriott facilities in Columbus, Ohio, and Victoria in Canada.

The Grand Marriott in Point Clear was the only other Alabama facility ranked in the Top 10. ■

Study Shows Circuit Clerks Not on Sound Financial Footing

By Phillip Rawls, Associated Press

A new financial study says Alabama’s retirement plan for county circuit clerks is underfunded and doesn’t function like a normal pension plan.

The study by Cavanaugh Macdonald

Consulting of Kennesaw, Ga., said the fund for circuit clerks has nearly \$11 million in assets, but that is only 15 percent of what it needs to meet its future liabilities.

The state court system provides the bulk

of the money each year to pay benefits, and the retirement program operates primarily as a pay-as-you-go system rather than work-

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Study Shows Circuit Clerks Not on Sound Financial Footing *continued from page 1*

ing off investments, the study said.

David Bronner, CEO of the Retirement Systems of Alabama, helps administer the program and commissioned the actuarial report because he was concerned about its finances.

The state's budget problems prohibit the court system from contributing enough money to put the program on sound financial footing, and the best solution might be for the Legislature to fold the program into the state pension system for public employees, Bronner said.

The program is the result of a provision in Alabama's constitution prohibiting a retirement plan for many elected officials. The state circumvented that by creating "supernumerary" positions. Those were positions that elected officials assumed when they left office, and they received monthly compensation because they could presumably be called back to work at their old jobs.

"That was a bogus deal to avoid the constitution," Bronner said.

Many supernumerary positions have

been discontinued over the past 40 years, and the elected officials have been made part of Alabama's regular pension program. The officials pay part of their salaries into the program, and their county governments also contribute money. Then the officials get a regular monthly pension when they retire, much like the employees who worked in their offices.

Despite the change, the supernumerary fund for circuit clerks remains. And despite the supernumerary title, federal accounting regulations now classify it as a defined benefit retirement plan.

Clerks contribute 6 percent of their salary into the supernumerary fund. The average annual pay for a clerk is about \$87,000, according to the study.

After 23 years of service, clerks can leave office and draw 75 percent of the pay. They can also get benefits with fewer years of service depending on their age. When a supernumerary clerk dies, the spouse can draw up to 30 percent of the pay, depending on how many years the clerk spent in office.

In 2011, Alabama's 67 supernumerary

circuit clerks received \$4.2 million, and the 12 surviving spouses got \$379,453. The court system provided more than \$4 million of that, and the supernumerary fund the remainder, according to the Retirement Systems of Alabama.

Bronner suggested the Legislature could fold existing circuit clerks into the state pension program under the same plan that covers their office employees. That means the clerks would have to start contributing 7.5 percent of their salaries toward pension benefits rather than 6 percent.

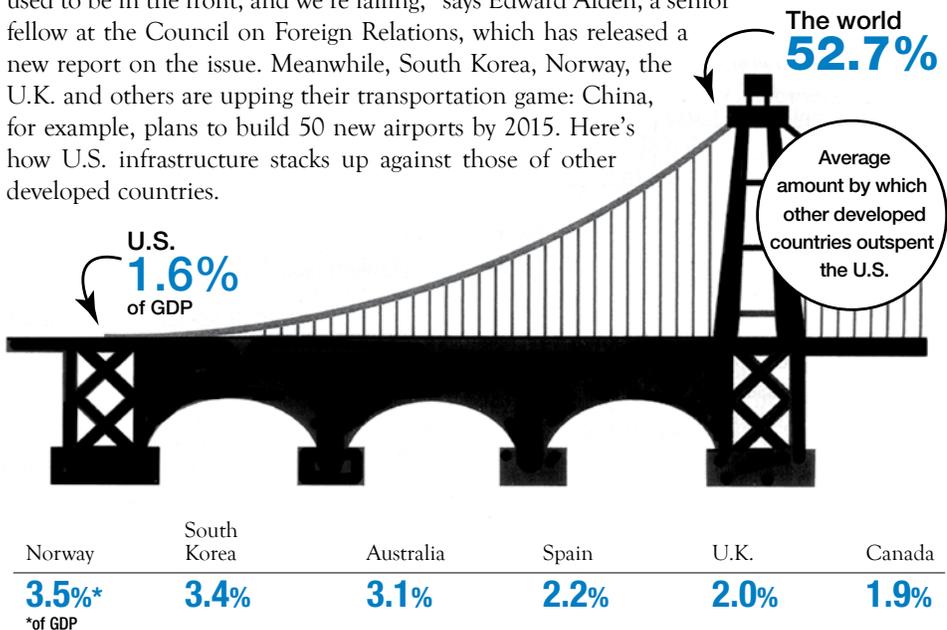
Bronner suggested those already retired on supernumerary status be continued until the program slowly phases out as the participants expire.

If there is no interest in that, "I would like to have this unfunded program transferred back to the courts to administer," he said in a letter to Alabama's chief justice, who oversees the court system statewide... **(Editor's note:** The only other supernumerary program we know of is for District Attorneys.) ■

Bridge to Nowhere? How the U.S. is losing the infrastructure race

By Andréa Ford, *Time Magazine*

A top-notch economy requires a top-notch infrastructure. Yet in the U.S., roads are crumbling. In the past 25 years, miles traveled by car or truck have doubled, but total highway length has barely budged—one reason the World Economic Forum ranked America infrastructure a troubling 24th out of 124 nations. "We're not in the back of the pack, but we used to be in the front, and we're falling," says Edward Alden, a senior fellow at the Council on Foreign Relations, which has released a new report on the issue. Meanwhile, South Korea, Norway, the U.K. and others are upping their transportation game: China, for example, plans to build 50 new airports by 2015. Here's how U.S. infrastructure stacks up against those of other developed countries.



Guns

Source: *The Economist*

If you live in America, you are four times more likely to be murdered than if you live in Britain, almost six times more likely than in Germany, and 13 times more likely than in Japan. These are simple facts on which all can agree; just as it is a simple fact that two-thirds of all murders involve guns, whereas in Britain the figure is under 10%. Beyond that, though, there is not a flicker of consensus in America about what to do about the grisly harvest that last year gathered in 9,000 lives.

Raycom Honored

Source: National Association of Black Journalists

RSA is the majority investor in Raycom, which owns some 46 television stations and Raycom sports in 22 different states. Their corporate headquarters are in Montgomery.

In the survey conducted by the National Association of Black Journalists (NABJ) and published in the 5th Annual Edition, Raycom received recognition for coming closest to meeting NABJ's diversity index of television newsroom management, with 16% of its managers being people of color.

NABJ Region III director, Dedrick Russell, states, "in the five years we have been doing this report, this is the first time a television group (Raycom) has been so open and cooperative. I hope other companies follow Raycom's example." ■

There is very limited evidence higher taxes mean fewer jobs

Source: *Bloomberg Businessweek*

The big difference between the rich and everyone else is that they are more likely to save money from a tax cut since they already have enough to live on, says Alan Viard, an economist at the conservative American Enterprise Institute. They may buy a yacht, but plenty is left over for their portfolio. In the long run, all the money the rich save as a result of lower tax rates means there is more available to be invested in business through banks or the stock market. That should eventually lead to higher standards of living - and, yes, more jobs. But it takes time for that to be felt.

If politicians are looking to create jobs right away, they'd be better off concentrating their efforts lower down on the income ladder. The poor and middle class are more apt to spend extra money, maybe on groceries or a new refrigerator, helping to spur the economy immediately. The No. 1 reason small business owners say they're not hiring is poor sales. A Congressional Budget Office report looking at economic multipliers found tax cuts for low- and middle-income families are more than twice as powerful in stimulating immediate demand as tax cuts for the wealthy. "The short-run/long-run is the critical thing," Viard says. "If the goal is to have more jobs 6 months, 12 months from now, you want to increase aggregate demand. If the goal is to have a high standard of living 10, 20 years from now, you want to increase national savings."

Even that long-run picture is not so clear. Under Bill Clinton, taxes on higher-income families were high compared to now, at 39.6%. Yet almost 23 million jobs were added vs. net job growth of 1.1 million during George W. Bush's lower-tax years. In the 1950s, a Golden Age of growth, the top marginal tax rate was as high as 91 percent. There were many other economic forces at work in each of these periods, making direct comparisons difficult. Still, says Joel Slemrod, formerly with the Reagan administration and now a professor at the University of Michigan, "It disproves the idea tax increases are the kiss of death." ■

Hourly Compensation Cost in Manufacturing 2009 (US \$)



Source: Bureau of Labor Statistics

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FOR RSA MEMBERS

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- September 1-9, 11, 16-30
- October 1-4, 7-13, 17-18, 20, 26-31
- November 4-8, 11-30

The Renaissance Riverview Plaza – Mobile – \$89

- September 1-9, 11, 16-30
- October 1-4, 7-13, 17-18, 20, 26-31
- November 4-8, 11-30

Marriott Grand – \$99 plus a 15% resort fee

- September 3, 7-11, 14-15, 21-25
- October 4, 7-9, 14, 28-29 • November 4-5, 11-12

Marriott Grand – RSA Golf Package – \$169

- Enter code – RSPRSPA
Includes: Deluxe Room, One Round of Golf for Two People.
Call for Tee Times after booking package
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 - October 4, 7-9, 14, 28-29 • November 4-5, 11-12

Marriott Shoals – Florence – \$89

- September 9-10, 16-17, 23 • October 21, 28
- November 11-12, 18-19, 21-26

Renaissance Ross Bridge – Hoover – \$99

- September 3, 13, 16, 19
- October 7-8, 16, 21, 25, 28-31 • November 1, 4

Opelika Marriott – \$89

- September 1-4, 7-9, 13, 16-18, 23-25, 30
- October 2-4, 7-8, 14, 18, 21-23, 28-31
- November 1, 4, 11-15, 18-30

Prattville Marriott – \$89

- September 2-4, 8-10, 15, 26
- October 7-8, 14, 21-22, 31
- November 1-4, 7, 9-12, 16-20, 22-26, 30

Renaissance Montgomery – \$99

- September 1-6, 9-10, 13, 23-24, 28-29
- October 1, 7-8, 11-14, 18-22, 28-29
- November 4-5, 8, 17-19, 25

RSA Spa Package – \$179

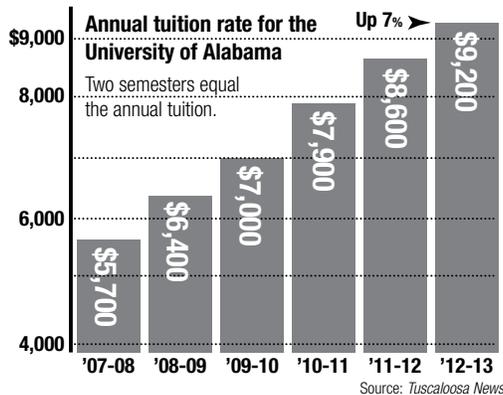
- Enter code – RSPRSPA Includes Deluxe Room
- September 5-6, 13 • October 11, 18 • November 8

*Rates available the 1st of the month
and are not applicable to groups.*

800-228-9290 Ask for RSA rate.
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on marriott.com

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Are We Hurting Our Future?



At the main UA campus, tuition made up 55 percent of the \$439 million budget in 2008. Tuition brought in 73 percent of the \$515 million budget in 2011.

Legislative cuts to the Education Trust Fund have left college leaders with little choice but to raise tuition and fees. ■



WANT TO HELP? A FREE Car Tag

Tired of that worn-out dealer tag on the front of your car? Would you like to help the RSA and our Alabama Tourist Department advertise "Alabama's Robert Trent Jones Golf Trail" on your front bumper? If so, call to request a tag at 334.517.7000, or 877.517.0020, or write:

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