



RSA Pension Safeguards

BY JO MOORE, DEPUTY DIRECTOR FOR ADMINISTRATION

Recently, the *Lagniappe Weekly* published two articles entitled “Soft Landings – UA provides big payouts for administrators” and “Trustee talks – England says UA payouts OKed by board.” Both articles discussed salary payments made by the University of Alabama to several of its employees and questioned whether such salary payments were appropriate.

The RSA cannot and does not control employees’ salaries. It is within the sole discretion of the employer – in this case, the University of Alabama – to determine its employees’ compensation.

By statute, employers certify eligible compensation and remit contributions, not the RSA. The RSA reviews the compensation to confirm there is no pension spiking. With the exception of court-ordered back pay, the RSA does not permit employees to receive any retirement credit for settlement or severance agreements.

Moreover, there is an IRS cap on compensation eligible for retirement. For those employees who were hired after July 1, 1996, any compensation in excess of \$290,000 (for the 2021-2022 year and less in previous years) is not included in their retirement calculation. Most of the salaries discussed in the article are subject to the IRS cap, and thus, the excessive salaries had or will have no impact on their retirement.

The RSA does have safeguards in place to protect its pension system from abuse, and these safeguards work. Based upon the information provided by the University of Alabama, the RSA reviewed the compensation and creditable service of each individual mentioned in *Lagniappe’s* articles. If there was any issue, the RSA addressed it at the time of retirement. Ultimately, the University of Alabama properly certified each employee’s compensation, and the correct contributions

were paid to the RSA. No pension spiking was detected, and no settlement payments were accepted.

Notably, *Lagniappe* omitted in its last article part of RSA’s statement which provided: “If *Lagniappe* or its sources have specific information that suggests otherwise [any wrongdoing], I welcome a meeting with you and/or your sources so that we may review such information, investigate, and if needed adjust retirement benefits.” As of the date of this publication, no meeting has been requested and no information has been provided by *Lagniappe*.

Please know, however, that if additional information is provided or discovered that disputes a member’s or retiree’s compensation or creditable service, the RSA will investigate and, if needed, recalculate the retirement benefit. ●

Fewer People Went to Prison. Crime Dropped. Let’s Build on Our Success.

BY CARLA CROWDER, EXECUTIVE DIRECTOR, ALABAMA APPLESEED CENTER FOR LAW AND JUSTICE

Something surprising is happening in Alabama’s prisons. The number of incarcerated young people has been cut in half. In 2005, prisons housed 9,827 people ages 15 to 30, or 36% of the ADOC population. By March 2021, that number was 4,537, or 18%. That this decline has impacted people ages 15 to 30, by all counts the age groups most likely to be arrested, is jaw-dropping.

These dramatic declines are largely the result of the Legislature passing sentencing reforms in 2006, 2013, and 2015. The new laws are working. Fewer young people are sent to prison, sentences are

shorter. And crime has been down.

According to crime.alabama.gov, a collaborative effort between the Alabama Law Enforcement Agency and the Institute of Business Analytics at the University of Alabama’s Culverhouse College of Business, Alabama’s overall crime rate declined by 17% from 2005 to 2019, the most recent year data is available. Robbery, the most common violent crime, sunk by 48%.

Let that sink in: Alabama cut incarceration in half for the age cohort most likely to be involved in criminal activity and crime fell.

The specter of expensive new prison buildings dominates discussions about responses to the U.S. Department of Justice lawsuit against the state over unconstitutional prison conditions. But as elected leaders from across the political spectrum acknowledge, Alabama cannot build its way out of this crisis.

So, what might a solution look like that relied on data and evidence rather than the emotional politics of fear? How might Alabama move beyond its outdated “tough on crime” mentality and again be

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“smart on crime?”

Based on the trends cited above, solutions are within reach – smart, conservative solutions that will not waste scarce tax dollars. No compassion is even necessary, though it never hurts. Folks who feel people who do the crime should do the time need not worry. All that's necessary is that we bring “the time” in line with what evidence tells us is already working.

Though the numbers of incarcerated young people are at 20-year lows, the numbers of incarcerated older people, ages 51 and above, are at record highs. There are now 6,190 prisoners in this older demographic, a 115% increase since 2005. Alabama's unconstitutional prisons are quickly becoming unconstitutional nursing homes.

If you're wondering how you missed Alabama's senior crime spree, worry not. There was not one. The Bureau of Justice Statistics has thoroughly documented

how arrests peak at age 20 and drop to the lowest rates for people 50 and older.

The reason so many grandparents remain behind razor wire is that reforms that drove down the numbers of people entering prison are not retroactive. Therefore, we punish our elders more harshly than any other age group. This is unfair and expensive.

Chief among the culprits for the Alabama Department of Corrections' soaring budget is healthcare costs, which will continue to grow. Between the aging population and the federal *Braggs v. Dunn* litigation over unconstitutional mental health care in prisons, future expenditures must account for enormous, expensive needs of fragile populations. Otherwise, our state can expect the cycle of federal lawsuits that began in the 1970s to continue.

Alabama has a chance to respond to the prison crisis and the looming federal intervention with integrity, evidence, and

truth. With hope rather than hype. Our lawmakers made bold decisions when they passed the previously mentioned reforms. Fewer people went to prison. Crime dropped. We could multiply those promising results by making these reforms available retroactively. A “same crime, same time” solution would create justice for older people.

This would free up dollars that otherwise will be spent on very secure nursing facilities for elderly prisoners for use in crime prevention, drug treatment, and reducing recidivism. Let's build on the success of 16 years of sentencing reforms rather than take the easy – and very expensive – way out and just build more prisons.

Carla Crowder is a lawyer, advocate, and native Alabamian with three decades of experience in criminal justice research, policy, and litigation. She can be reached at carla.crowder@alabamaappleseed.org. ●

RSA-1 Has Benefited RSA Members for Years

BY MARK FAGAN

RSA-1 is a voluntary benefit to members and beneficiaries of the RSA, which allows them to save and invest more money for retirement. It is a Section 457 Deferred Compensation retirement plan, which began in 1987. Federal and state taxes on contributions and investment growth are deferred until distributed to the member or beneficiary. The RSA invests individual contributions with no administrative, investment, or commission fees to the member.

Investments for RSA-1 participants consisted of fixed income securities (bonds) from 1987 to 2000. The equity option (stocks) was added in 2001. In 2015, RSA-1 began offering a cash equivalent option or short-term investment fund (STIF). Since 2015, participants in RSA-1 have been permitted to change allocations between stocks, bonds, and STIF every 90 days.

The RSA-1 bond portfolio is invested in corporate bonds, U.S. agency obligations, and government national mortgage association securities. The stock portfolio is invested in an S&P 500 Index Fund, which consists of 500 large-capitalization stocks. The STIF fund investments include money market securities, U.S. Treasury

notes, and U.S. government notes with a maturity of one year or less. The bond, stock, and STIF funds are not insured or guaranteed by any government agency.

RSA-1 began accepting DROP Rollovers from the TRS and ERS in 2005 and transfers from other Section 457 plans in 2007. Effective October 1, 2019, RSA-1 began accepting rollovers from the Partial Lump Sum Optional Plan (PLOS) and the Employee Retirement Incentive Program (ERIP).

There is no set minimum income to defer for RSA-1. The annual maximum amount of deferral per individual in 2021 for all Section 457 plans is \$19,500 for those under age 50 and \$26,000 for those age 50 and over. Participants who did not defer the maximum deferral amount beginning in 1986 and were eligible to participate may catch-up unused eligible amounts for one to three years if they are within three years of normal retirement age and are eligible for an unreduced pension. Normal retirement age must occur no later than 70 1/2 and no earlier than the eligible age for retirement benefits.

Distribution of funds can happen when one retires, terminates employment, or has an unforeseeable emergency.

The Internal Revenue Service allows a cash-out provision if all the following conditions are met: the balance is \$5,000 or less; there have been no deferrals into the account for 24 months prior to the cash-out distribution; and there have been no prior distributions other than hardship distributions. Required Minimum Distributions are mandatory when individuals reach age 72. Distributions can be in the form of fixed-dollar amounts, fixed-time period, and lump-sum payments.

RSA-1 funds may be used to purchase service credit with a governmental defined benefit plan such as the ERS and TRS. RSA-1 allows transfers to and from other eligible 457 plans during and after employment.

As of Fiscal Year 2020, RSA-1 investment options showed the stock fund with 24,778 participants and a total value of \$957.7 million, the bond fund with 33,973 participants and a total value of \$1.3 billion, and STIF with 4,391 participants and a total value of \$97.6 million. The RSA-1 staff can explain investment options but cannot provide advice for the investment options to elect. Earnings or losses are posted to accounts monthly. ●

Alabama Success Story

Alabama Forestry Commission

Established as a state agency in 1924, the Alabama Forestry Commission (AFC) is governed by a seven-member Board of Commissioners appointed by the governor. The mission of the AFC is three-fold: to **Protect** the forests from wildfires, insects, diseases, and all harmful agents; to service and help landowners **Sustain** responsible forest management on their property, using professional technical assistance so as to benefit themselves, their land, and society; and to **Educate** the general public about the value of our forests in ensuring both a healthy economy and environment.



The AFC also assists with emergency responses following hurricanes, tornadoes, ice storms, and other natural disasters. For example, the AFC recently assisted in the cleanup efforts after Hurricanes Sally and Zeta devastated the Gulf Coast in 2020. Employees not only helped clear roads using chain-saw teams, but also transported people, equipment, and supplies as needed across the state and helped man the state's emergency management centers across Alabama.

Another recent success of the Commission was its assistance in the COVID-19 pandemic response. Beginning in March 2020, the AFC provided Incident Management Planning, Safety, and Logistics support to "Alabama's Unified Command for COVID-19 Response" team, working alongside three other state agencies: the Alabama Department of Public Health (ADPH), Alabama Emergency Management Agency (AEMA), and Alabama National Guard.

From March 13 through December

18, 2020, Commission duties included inventory tracking at ADPH warehouses and transportation of medical supplies. Four to six drivers traveled across the state each week – ultimately totaling approximately 700,000 miles – delivering crucial medical supplies and personal protective equipment (PPE) to hospitals, nursing homes, and other medical facilities, as well as AEMA and other state offices – to reach the people needing them. The AFC committed a total of 22,770 manhours toward COVID-19 deliveries.

This COVID-19 effort also carried many other incredible statistics. The AFC delivered approximately 28,437,689 medical items across Alabama. Included in this total were 340,000 hand sanitizer bottles; 38,500 containers of disinfectant wipes; 1,600 bottles of bleach; 10 million surgical masks; 1.9 million N95 masks; 1 million KN95 masks; 831,000 cloth masks; 8,000 Lysol cans; 1.1 million face shields; 12,000 disinfectant sprays; 1.9 million surgical gowns; 7,800 biohazard kits; 10.6 million latex gloves; 5,200 PPE kits; 1,100 coveralls; 110,000 boot covers; and 5,000 thermometers.

As the state is recovering from the previous year, the AFC has been tasked with a new mission in 2021 to assist Alabama citizens. On April 28, 2021, Governor Kay Ivey and the Gulf Coast Ecosystem Restoration Council (RESTORE Council) recently granted \$10 million to the Commission for "Enhancing Gulf Waters through Forested Watershed Restoration." This program will support the primary RESTORE Comprehensive Plan goal to restore both water quality and quantity after the Deepwater Horizon disaster of 2010 through activities which re-establish private and public forests by providing



technical and financial assistance to private landowners and communities in watersheds where forest resources are instrumental to the health of the Gulf of Mexico. The Commission is very grateful to Governor Ivey and Alabama Department of Conservation and Natural Resources Commissioner Chris Blankenship for their leadership on this new project and the opportunity to further assist Alabamians.

As you may have gathered, the Alabama Forestry Commission's duties are more than only protecting the state's forests and assisting in the management of its trees. The agency prides itself by being ready at any moment to willingly spring into action and assist all of Alabama's citizens however it can, regardless of obstacles. To learn more about the Alabama Forestry Commission, visit www.forestry.alabama.gov.

This is a series of articles about Alabama Success Stories. Please let us know if you have a similar success story you would like to share with the RSA membership. You may contact us at communication.correspondences@rsa-al.gov. ●

ERS Board Election Information

ACTIVE STATE EMPLOYEE #1 RUNOFF

There is a runoff between Ben Barlow and Derrick T. Turner, Sr. for the Active State Employee Position #1 on the Employees' Retirement System (ERS) Board of Control. Ballots will be mailed no later than August 2 and must be returned to YesElections no later than

4:00 p.m. on September 1.

ACTIVE OR RETIRED LOCAL POSITION SPECIAL ELECTION

As mentioned in the June 2021 *Advisor*, Act 2021-390 added two new Board positions to the ERS Board of Control. Ballots for the new Active or Retired Local Position will be mailed by August

10 and must be returned to YesElections no later than 4:00 p.m. on September 21. Voting may be done online, by mail, or by telephone. To be eligible to vote in this election, you must be a full-time employee or retired employee of an entity participating in the ERS pursuant to *Ala.*

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Discounts Webpage

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ENJOY YOUR SUMMER/FALL
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FOR RSA MEMBERS

The Battle House,

A Renaissance Hotel \$119

- August 4, 13-31 • September 1-11, 16, 26-30
- October 1-2, 7-9, 19-21, 30-31

The Battle House RSA Spa Package \$207

- August 4, 16-18, 23-25, 30-31
- September 1, 6-8, 27-29 • October 19-20

Riverview Plaza \$109

- August 4, 13-30 • September 2-16, 19-22, 26-30
- October 2, 7-8, 16, 20-22, 27-28

Grand Hotel \$127 plus a 15% resort fee

- August 15-17, 22-23, 29-30 • September 26-30
- October 6, 10-11, 31

Grand Hotel RSA Golf Package \$199 plus a 15% resort fee

- August 15-17, 22-23, 29-30
- September 26-30 • October 6, 10-11, 31

Grand Hotel RSA Spa Package \$259 plus a 15% resort fee

- August 15, 17, 22, 29 • September 26, 28-30
- October 6, 10, 31

Marriott Shoals \$109

- August 1, 8, 15, 22, 29 • September 6, 12, 19, 26
- October 3, 17, 24, 31

Marriott Shoals RSA Spa Package \$210

- August 1, 8, 15, 22, 29 • September 12, 19, 26
- October 3, 17, 24, 31

Renaissance Ross Bridge \$119

- August 8, 11, 16, 25, 31 • September 6-7
- October 11-13

Renaissance Ross Bridge RSA Spa Package \$223

- August 11, 16, 25, 31 • September 6-7
- October 11-12

Auburn/Opelika Marriott Resort \$109

- August 1, 9, 17-18, 22-23, 30-31
- September 1, 7, 13, 15, 20-21
- October 3, 11-12, 20, 24

Auburn/Opelika Marriott Resort RSA Spa Package \$201

- August 18 • September 1, 15 • October 20

Prattville Marriott \$89

- August 1-2, 5, 8-9 • September 12, 26
- October 3, 10, 17-18, 31

Renaissance Montgomery \$119

- August 1, 10, 13-15 • September 6, 25-27
- October 2, 5, 14-16, 21, 30

Renaissance Montgomery RSA Spa Package \$223

- August 10, 13-14 • September 25
- October 2, 5, 14-16, 21

Specific room requests may require additional charge.
Rates available the 1st of the month and are not applicable to groups.

800.228.9290 Ask for RSA rate. **Promotional Code: R2A** on www.rsa-al.gov
Book Online and Save RSA \$4.



ERS Board Election Information

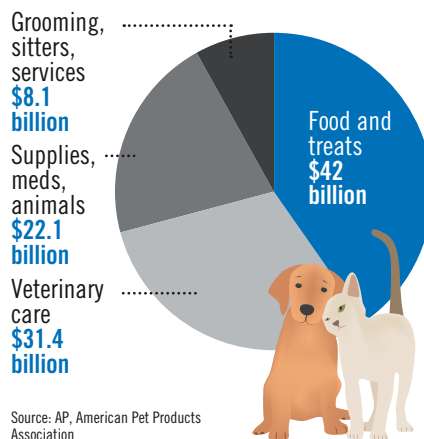
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Code §36-27-6 (which includes county, city, town, public, or quasi-public agencies). The election for the second Board position will take place in 2022.

If you have any questions about either election, please contact the Elections Coordinator at 877.517.0020 or 334.517.7192. For more election information, visit the RSA website at www.rsa-al.gov/ers/board-of-control/ers-board-elections/. ●

Pets Are Big Business

Pets, if no one else, had a banner year in 2020. Americans shelled out more than \$100 billion on them for the first time, and 2021 is likely to top that. How they spent it:



CEO

David G. Bronner

Deputy Director – Administration
Jo Moore

Deputy Director – Investments
R. Marc Green

Executives

Communications
Deborah J. Kirk

Chief Accountant & Financial Officer
Diane E. Scott

Employees' and Judicial Retirement
William F. Kelley, Jr.

Field Services
Christopher C. Gallup

Information Technology Services
Michael T. Baker

General Counsel

Legislative Counsel
Neah M. Scott

Member Services
Penny K. Wilson

PEEHIP

J. David Wales

RSA-1

Rhonda H. Peters

Teachers' Retirement
Christopher P. Townes

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