



## 2021 RSA Investment Performance

BY MARC GREEN, DEPUTY DIRECTOR OF INVESTMENTS

Total Portfolio	1 Year	Annualized		
		Last 3 Years	Last 5 Years	Last 10 Years
TRS	22.62%	9.95%	10.21%	10.71%
ERS	22.18%	9.95%	10.39%	10.71%
JRF	20.52%	10.51%	10.55%	10.77%

I am pleased to report that the RSA defined benefit plans had their best one-year return since 1982. It is probably safe to assume that as the new year kicked off, the odds of a total fund return of this magnitude were quite low. There was a litany of issues that the market dealt with rather well, including a very nasty presidential election cycle, several waves of COVID-19 spikes, and a continuous struggle in Congress around social spending and infrastructure packages. The Federal Reserve continued to grow its balance sheet, which lent support to financial assets. As the year progressed, inflation became a front-burner issue. There is still a divide between those who think inflation is transitory vs. more permanent, with the more powerful Federal Reserve officials sitting in the transitory camp. The yield curve seems to believe inflation should moderate in the future as well.

After the very narrow market breadth led by the mega caps the last few years, returns across the market capitalization spectrum were much better. Mid- and small-capitalization stocks performed much better after being big laggards in the previous year. Our overweight tilt to U.S. equities paid off again, as both developed and emerging market equities underperformed domestic equities.

Our peer group ranking (State Street Public Funds Universe greater than \$1 billion) for last year was slightly above the median on a dollar-weighted basis. The five-year ranking for all three plans was below the median. The ten-year return numbers rank all funds in the top 40% of all plans vs. their peer group. ●

## Senator Orr's Committee Report

BY DAVID G. BRONNER

During the Second Special Session, which concluded Friday, November 5, 2021, the House and Senate Joint Budget Committees viewed a presentation prepared by the Legislative Fiscal Office comparing the compensation and benefits of Alabama's public employees to the surrounding states.



Senator Arthur Orr

The presentation confirmed that Alabama is competitive in terms of salaries and retirement benefits, **excluding Tier II benefits**. Health insurance benefits, provided by the Public Education Employees' Health Insurance Plan (PEEHIP) and the State Employees' Insurance Board (SEIB), are compared more favorably than the benefits provided in the surrounding states. PEEHIP has some of the lowest employee premiums, deductibles, and employer costs.

Due to the level of benefits coupled with the low employee and employer costs, Senator Arthur Orr, Chairman of the State Finance and Taxation Education Committee, stated that PEEHIP was "very well-run." It was also noted that PEEHIP had accomplished this task with level funding for seven years, including the upcoming fiscal year.

The important thing for the RSA and its members is that there were no attacks on retirement or health insurance benefits. The discussion and questions from legislators were friendly and positive. We have come a long way since the widespread push for pension reforms in 2015 and 2016! A copy of the presentation can be found at [http://lsa.state.al.us/pdf/news/Education\\_and\\_State\\_Employee\\_Compensation\\_and\\_Benefits\\_Public.pdf](http://lsa.state.al.us/pdf/news/Education_and_State_Employee_Compensation_and_Benefits_Public.pdf). ●

PROJECTED STATE COSTS FOR 2022-23

**Projected Retirement Employer Cost**  
Retirement Systems of Alabama  
(Amounts in millions)

Retirement	Actual 2020-2021	Estimated 2021-2022	Requested 2022-2023
TRS (Teachers')	\$872	\$889	\$897#
ERS (Employees' Regular-State)	238	243	242*
JRF (Judicial)	18	21	21
<b>Total Retirement Cost</b>	<b>\$1,128</b>	<b>\$1,153</b>	<b>\$1,160</b>

# Estimated \$529M from Education Trust Fund  
\* Estimated \$68M from General Fund

**Projected Insurance Employer Cost**  
Retirement Systems of Alabama  
(Amounts in millions)

Insurance	Actual 2020-2021	Estimated 2021-2022	Requested 2022-2023
PEEHIP (Teachers)	\$950	\$950	\$950 &
SEHIP (State Employees)	358	358	358
<b>Total Insurance Cost</b>	<b>\$1,308</b>	<b>\$1,308</b>	<b>\$1,308</b>

& Estimated \$678M from Education Trust Fund  
**Note:** PEEHIP numbers exclude amounts from Universities for retiree costs  
**Note:** FY2023 estimated cost for PEEHIP totals \$1.49 billion

Note: amounts from FY2023 Budget documents

## RSA's Renaissance Mobile Riverview Plaza Hotel

BY MARK FAGAN

The current 28-story Renaissance Mobile Riverview Plaza Hotel opened as Stouffer's Plaza Hotel in 1983 at 64 South Water Street. A few years later, it became the Adam's Mark Hotel. The Retirement Systems of Alabama acquired this hotel in 2004, making it the RSA's 4th hotel affiliated with the Robert Trent Jones Golf Trail. Adding this hotel to the RSA's Battle House Hotel two blocks away provided control of enough rooms to compete for larger conferences.

The RSA began a \$60 million nautical-themed renovation of all the guest rooms and public areas in 2005. A 168-foot spire on top, a canopied main entrance off Royal Street, and a covered sky bridge to the Arthur R. Outlaw Mobile Convention Center were added. The courtyard was redesigned, and a covered outdoor lounge and grill overlooking the Mobile River was added.

The hotel has 373 guest rooms, 15 event rooms, two restaurants, an outdoor event space, an outdoor pool, and a fitness center. Each room has a view of the Mobile River and Mobile Bay. The Presidential Suite and the Governor's Suite have a kitchen, living room, conference table, and separate bedroom. The bathrooms have marble floors, granite countertops, Jacuzzi® bathtubs, and glass-enclosed showers. The top three floors are the club levels.

The hotel was totally refurbished to

include a waterfront feel during 2020-2021. All guest rooms and meeting rooms received new furniture, wall vinyl, and carpet. All equipment in the banquet space was replaced, including new linen-less tables and banquet chairs. The



Harbor Room restaurant was relocated to the first floor and renamed the Fathoms Lounge. It now provides premium reception space with floor-to-ceiling windows and outdoor seating overlooking the Mobile River. The old gift shop was

converted to a full-service coffee shop.

This AAA Diamond hotel is affiliated with the RSA's other hotel in downtown Mobile, The Battle House Renaissance Mobile Hotel & Spa, and the RSA's Mobile site on the Robert Trent Jones Golf Trail, Magnolia Grove. These two RSA hotels support the cruise ship and conference industries in Mobile. The hotel's matching spire (with the RSA Battle House Tower), coordinated lighting for the two hotels, and RSA's three office buildings redefined the Mobile skyline.

In 2018, this property was named Marriott's Franchise Hotel of the Year, which means it ranked highest among several Marriott brands, including Autograph, Renaissance, Gaylord, Westin, Le Meridien, and Tribute Portfolio. Marriott's Hotel of the Year honors are based on guest satisfaction surveys, employee opinions, financial records, market share, event satisfaction, and overall property performance.

Some of the other awards for this hotel include the Pinnacle Award presented by *Successful Meetings Magazine*, Stars of the South Award presented by *Meetings South Magazine*, and Readers' Choice Award presented by *Convention South Magazine*. It has been ranked as a Top 3 Renaissance Hotel for Guest Satisfaction, Meetings, and Quality. *U.S. News & World Report* (2021) ranked it number 12 of the top 25 hotels in Alabama. ●

# Alabama Success Story

## Osprey Initiative



**O**sprey Initiative is a Mobile-based specialty environmental contractor bringing tailored solutions to specific environmental needs for their clients. Osprey provides consulting, maintenance contracts, litter collection devices, and tactical cleanups. Their mission is to bridge the gap between intent and action in the sustainability world by bringing and implementing realistic solutions to their clients, partners, and communities. The initiative has recently marked a significant milestone as they have removed over 100,000 pounds of floating litter from the waters.

Osprey started collecting data in 2017 with the creation of the Litter Gitter. Since its establishment, Osprey has created two other litter collecting devices, the Litter Interceptor and the Litter Boom. These litter collecting devices are used to intercept floating litter from stormwater runoff. The team works with partners in nine states to install, maintain, and collect data from these devices.

“We are very fortunate that our partners and sponsors have funded our work to achieve this goal,” said Don Bates, owner and president of Osprey Initiative. “This is predominantly floatable litter that is very visible and directly impacts our waterways.”

There are currently 42 Litter Gitter sites across nine states, including Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, Ohio, and South Carolina. The Osprey team approach also includes tactical cleanups in areas they identify as “litter hotspots” with the team even giving back some of their time to improve the communities in which they have sites.

“A critical part of our mission is always to make sure we are adding value to the areas that we work,” Bates said. “With our Give Five program and the basic expectation of our employees to be ambassadors and educators about the work we do, our team is conducting a



critical role in improving and enhancing our waterways.” The Give Five program is a program in which Osprey matches five percent of its gross revenue to cleanups and community projects through volunteer time and talents.

You can support Osprey Initiative’s efforts by purchasing items from their product line. Five percent of all revenues help fund future litter cleanup efforts.

To learn more about the Osprey mission, team, and litter collection devices, visit [www.osprey.world](http://www.osprey.world).

*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](mailto:communication.correspondences@rsa-al.gov). ●*

## RSA’s Five-Year Experience Study

**A**s required by law, RSA’s actuaries conduct a review of the actuarial assumptions and experience of the RSA every five years. The actuaries conducted the review this past summer and presented the study and recommended changes to the RSA Boards in September. The RSA Boards adopted the recommendations, including lowering the assumed rate of return to 7.45% and implementing new mortality tables that assume longer life spans for RSA members. These changes will help ensure the continued viability of the RSA to continue paying out promised benefits to its members.

These changes increase RSA’s liabilities; however, the RSA had an unusually high investment return for fiscal year 2021, which will help offset the increased liabilities. Employer costs should stay level, and the unfunded liability should not increase dramatically. ●



The RSA Staff wishes you a

*Merry Christmas!*



**Member Hotel Discounts Webpage**

# Start Planning Your Holiday Getaways at RSA's Outstanding Hotels, Spas, and RTJ Golf

**RETIREMENT SYSTEMS OF ALABAMA**  
 201 SOUTH UNION STREET  
 P.O. BOX 302150  
 MONTGOMERY, ALABAMA 36130-2150

**PRSR STD**  
**U.S. POSTAGE**  
**PAID**  
 MONTGOMERY, AL  
 PERMIT NO. 402

**ENJOY YOUR WINTER**  
 A Special Deal  
 FOR RSA MEMBERS

**The Battle House,**

**A Renaissance Hotel \$119**

- December 1-3, 12-16, 19-29 • January 1-12, 22-23, 26
- February 6-9, 13-17, 20-23

**The Battle House RSA Spa Package \$207**

- December 13, 20-22, 27-29 • January 3-5, 10-12, 26
- February 7-8, 14-16, 21-23

**Riverview Plaza \$109**

- December 12-13, 18-21, 22-29 • January 1-14, 22-28
- February 6-9, 16, 20-23

**Grand Hotel \$127 plus a 15% resort fee**

- December 5-7, 12-14, 19-20
- January 2-4, 9-11, 16-18, 23-24
- February 2-3, 6, 9-10, 13-14, 16-17

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

- December 5-7, 12-14, 19-20
- January 2-4, 9-11, 16-18, 23-24
- February 2-3, 6, 9-10, 13-14, 16-17

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

- December 5, 7, 12, 14, 19-20
- January 2, 4, 9, 11, 16, 18, 23
- February 2-3, 6, 9-10, 13, 16-17

**Marriott Shoals \$109**

- December 5, 12, 19, 26-30
- January 2-6, 9, 16-17, 23, 30 • February 6, 20, 27

**Marriott Shoals RSA Spa Package \$210**

- December 5, 12, 19, 26-30
- January 2-6, 9, 16-17, 23, 30
- February 6, 20, 27

**Renaissance Ross Bridge \$119**

- December 1-2, 6-9, 12-30
- January 3-4, 7-9, 12-17, 23-26
- February 1-2, 9, 15-17, 20-21, 25-28

**Renaissance Ross Bridge RSA Spa Package \$223**

- December N/A • January N/A • February N/A

**Auburn/Opelika Marriott Resort \$109**

- December 1, 5-8, 12, 15-16, 19-29
- January 1-4, 9-12, 17-20, 23-27, 30-31
- February 1-2, 6-10, 15-16, 20, 23

**Auburn/Opelika Marriott Resort RSA Spa Package \$201**

- December 1, 8, 15-16, 22-25, 29
- January 1, 12, 19-20, 26-27 • February 2, 9-10, 16, 23

**Prattville Marriott \$89**

- December 5-6, 12-13, 19-30
- January 1-8, 10, 23-24, 30-31 • February 6-7, 13, 20

**Renaissance Montgomery \$119**

- December 8, 19-20, 27-30
- January 1-5, 9, 13, 16, 23
- February 6-7, 10, 13

**Renaissance Montgomery RSA Spa Package \$223**

- December 8, 28-30 • January 4-5, 13 • February 10

*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](http://www.rsa-al.gov)  
**Book Online and Save RSA \$4.**



## IRS and RSA Retirees

**Y**ou have the right to choose not to have federal income tax withheld from your periodic pension payments or to change your previous withholding election. If you wish to change or revoke a federal income tax withholding election for your retirement benefit payments, you may submit the WITHHOLDING CERTIFICATE FOR MONTHLY PENSION OR ANNUITY PAYMENTS available on RSA's website [www.rsa-al.gov](http://www.rsa-al.gov), or you can log in to Member Online Services (MOS) and select the "Tax Information" section, which has an option to "Change Withholding."

You may revoke a withholding election at any time, but your withholding election will remain in effect until revoked. Any election not to have withholding apply is prospective only, and any election made after a payment is not an election with respect to that payment.

Please note that if you elect not to have withholding applied to your periodic pension payments, or if you do not have enough federal income tax withheld from such payments, you may be responsible for federal income tax payments. You may also incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient. ●



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