



2017 – \$4 Billion in RSA “Net” Investment Earnings **STILL: Critics Go After Your Staff**

BY DAVID G. BRONNER

After decades of ERS Board meetings, I must admit I still marvel at how some politicians work to get their hands on ERS funds. Remember, the TRS Board is controlled by the members, the ERS Board is not. Maybe it is time for ERS members to do something about that!

A first for me in my forty-plus years at the RSA was how some current ERS Board members wanted to hire their own outside attorney to make legal decisions for the Board. One trustee actually said, “We just need different voices.” Great! Let’s just have total chaos. Maybe he does not understand that lawyers are paid to argue one side or the other of an issue. The RSA legal staff has only one side: our members’ protection.

When I came to the RSA, we only had one attorney – me! Now, RSA members have a very professional legal department with only one objective: Making the RSA as sound and safe as possible.

The 6-6 vote for hiring independent fiduciary counsel failed thanks to Board members David Bollie, Jim Fibbe, Bill Flowers, Ben Powell, Steve Walkley, and Steve Williams.

On top of this attempted move, the Finance Director suggested we have too much invested in stocks (oops, that gave the RSA its high returns for years), and the RSA now needs more bonds. Buying even more bonds at 2% or less would truly give you a reason to criticize the RSA staff!

Maybe the general public and some members do not understand – the RSA made \$4.0 BILLION in “net investment earnings” in FY2017 (for those who focus on losses, losses are deducted) and paid out \$3.2 billion in pensions. YET the assets increased by \$1.7 billion for the TRS and \$942.0 million for the ERS – or \$2.6 billion (see page 2 for all the details).

By the way, YOUR RSA investment staff cost was \$9 million for FY2017. Two other southern states that are the same size but with “outside money managers” (that some politicians on the ERS Board desire) cost one state \$340 million and the other state \$360 million for ONE year! ●

PEEHIP is a Bargain

BY DONNA JOYNER, DIRECTOR OF PEEHIP

SOUTHERN STATES PREMIUMS COMPARISON PAID BY ACTIVE EMPLOYEES* (PER MONTH)

	Alabama (PEEHIP)	Georgia (UHC HMO)	Mississippi (Select Coverage) (H)	Tennessee (Partnership PPO)
Individual only	\$30	\$172.56	\$38	\$150
Individual + Children	\$207	\$313.65	\$366	\$225
Individual + Spouse	\$307	\$426.14	\$503	\$314
Individual + Spouse + Children	\$307	\$567.22	\$717	\$389
Hospital Co-Insurance (paid by Member)	None	20%	20%	10%
Average BA Minimum Teacher Salary**	\$36,946	\$34,607	\$34,660	\$35,334
Average Teacher Salary***	\$48,868	\$54,602	\$42,925	\$48,456

	Florida (Standard PPO)	Louisiana (Magnolia Open)	South Carolina (Standard Plan)	Arkansas (Premium)
Individual only	\$50	\$175.56	\$97.68	\$183.46
Individual + Children	\$180	\$252.72	\$143.86	\$470.54
Individual + Spouse	\$180	\$570.34	\$253.36	\$831.20
Individual + Spouse + Children	\$180	\$611.10	\$306.56	\$833.40
Hospital Co-Insurance (paid by Member)	20%	10%	20%	20%
Average BA Minimum Teacher Salary**	\$37,154	\$39,646	\$32,367	\$33,664
Average Teacher Salary***	\$49,407	\$50,000	\$48,598	\$48,616

* 2018 Premiums. Amounts are net of any Tobacco, Wellness, or Spousal premiums (if applicable).

** Data obtained from National Education Association Bargaining and Member Advocacy Salary Database, December 2016.

*** Data obtained from National Education Association Rankings and Estimates, August 2017.

- Plans with Premiums effective 1/1/2018 – 12/31/2018: South Carolina, Louisiana, Georgia, Florida, Arkansas, and Tennessee
- Plans with Premiums effective 10/1/2017 – 9/30/2018: Alabama
- Plans with Premiums effective 7/1/2018 – 6/30/2019: Mississippi (H – denotes Mississippi Horizon Employee, hired on or after 1/1/2016)
- Hospital Co-insurance – Percentage of contracted rate member pays out of pocket for a hospital stay after member has paid their deductible.

Statement of Changes in Fiduciary Net Position - Unaudited For the Twelve Months Ended September 30, 2017

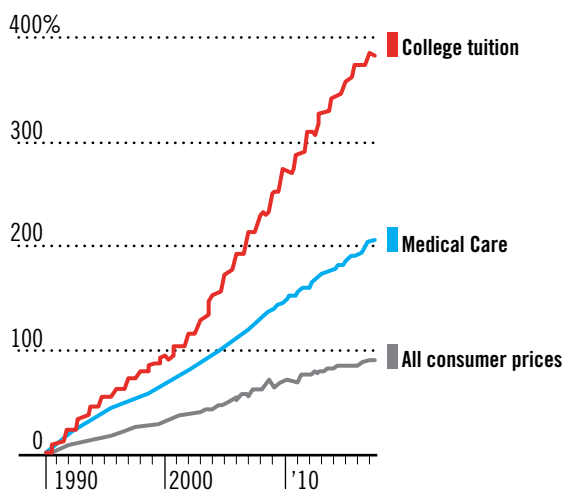
AMOUNTS IN MILLIONS

Employees' Retirement System		Teachers' Retirement System
	Additions	
	Contributions	
\$231	Employee	\$486
426	Employer	783
657	Total Contributions	1,269
1,398	Total Net Investment Income	2,627
2,055	Total Additions	3,896
	Deductions	
1,050	Retirement Allowance Payments	2,112
49	Return of Contributions and Death Benefits	56
11	Administrative Expense	16
3	Depreciation	6
1,113	Total Deductions	2,190
942	Net Increase	1,706
	Net Position Restricted for Pension Benefits:	
11,177	Beginning of Year	22,936
\$12,119	End of Year	\$24,642

Higher-Education Inflation

College tuition has been among the fastest-growing expenses for households in recent decades, rising faster than healthcare costs.

Prices, change since 1990



Source: Labor Department

The Wall Street Journal

Member Contribution Lawsuit Results

BY JARED MORRIS, ASSISTANT LEGAL COUNSEL



The RSA has won a lawsuit related to the Alabama Legislature's increase of contribution rates for judges. As you may recall, the statutory contribution rates for RSA members in general were amended in 2011, going up 2.5% over two years. One judge, who has since retired, filed a lawsuit in 2012, claiming that the higher rates for judges violated the Compensation Clause of the Alabama Constitution. The Compensation Clause provides that a judge's compensation must not be diminished during a term of office.

In responding to the plaintiff's allegations, the RSA stressed the importance of Alabama's Compensation Clause and the critical value of judicial independence which the Clause helps to secure. The RSA defended the Legislature's 2011 enactment, though, by arguing that higher contribution rates across the board for ALL of the retirement systems, which were adopted to support the benefits promised to each member, did not violate the state's constitution by including judges along with other members.

The trial court agreed with the RSA, and the plaintiff took his case to the Alabama Supreme Court. A panel of specially appointed justices along with Acting Chief Justice William B. Sellers held that the plaintiff's lawsuit was barred on jurisdictional grounds, and dismissed all of the plaintiff's claims, ending the case in RSA's favor. ●

2017 Tax Information

Q. Is my retirement benefit from the RSA subject to federal income tax?

A. Generally, your retirement benefit is subject to federal income taxation. However, contributions to the RSA that were previously taxed and/or purchases of service credit with previously taxed funds are exempt from federal taxation over the life expectancy of the retiree.

Q. How will the taxable amount of my retirement benefit be reported to me?

A. During the third week of January 2018, the RSA will mail all retirees a Form 1099-R for use in filing a personal income tax return. The 1099-R will report the retirement benefits subject to federal income tax. Information to assist you in the tax reporting of your retirement benefit is available on our website at www.rsa-al.gov.

Q. How will I know if I have been paid any previously taxed contributions this year?

A. If you had any pre-tax contributions returned to you this year, that amount will be reported in Box 5 of your 1099-R. Additionally, this amount will be the difference between the amounts in Box 1 and Box 2A.

Q. Are RSA retirement benefits subject to state of Alabama income tax?

A. RSA retirement benefits are **not** subject to state of Alabama income tax. If you reside in another state, contact that state's revenue department to determine whether retirement benefits are taxable in that state or visit this website www.1040.com.

Q. How do I change the federal taxes withheld from my retirement check?

A. You can change the amount of federal taxes withheld by completing a Withholding Certificate for Pension or Annuity Payments form. You can download the form from our website, request it from Member Services at 334.517.7000 or 877.517.0020 toll-free, or write the RSA at P.O. Box 302150, Montgomery, Alabama 36130-2150.

You can also obtain a Form W-4P, Withholding Certificate for Pension or Annuity Payments, as well as other tax forms by contacting the IRS at 800.829.3676 or by downloading it from the IRS website, www.irs.gov.

Q. If I do not receive a Form 1099-R from the RSA by February 9, 2018, how may I obtain one?

A. The RSA will provide a duplicate Form 1099-R, but not until after February 9, 2018. The original Form 1099-R is mailed to the home address on file with the RSA. If you have moved and have not provided the RSA with your correct address, the U.S. Postal Service may not forward your Form 1099-R.

TO CORRECT YOUR MAILING ADDRESS:

- Change your address online through Member Online Services (<https://mso.rsa-al.gov>) on the RSA website, or
- Download the Address Change Notification form from our website or obtain it from Member Services at 877.517.0020. Once you complete the form, return it to the address listed at the top of the form, or
- Send the RSA written verification of your new address and include your full name, Social Security number, and your signature. Emails are not accepted for change of address. ●

“Dam Safety”

EDITORIAL: MONTGOMERY ADVERTISER

Thirty-nine dead as dam gives way. That was the headline and price paid in Georgia 40 years ago. What price will we need to pay to change the status quo in Alabama?

It took death after the Kelley Barnes Dam failed for Georgia to learn that good government is a dam safety program that keeps vital records on dam infrastructure, inspects the structures and holds owners responsible to maintain dam integrity. We fear a similar disaster is what it will take for Alabama to properly oversee thousands of dams statewide.

Our state stands alone. We are the only place in America without a dam safety program.

Solid dam record keeping doesn't exist, so much so when the American Society of Civil Engineers released its infrastructure report card in 2015, Alabama received an “incomplete” rating on its dams because the inventory wasn't accurate.

Alabama has 132,000 miles of rivers and streams with 2,271 dams. Two percent are held to federal standards, requiring annual inspections and emergency plans, mostly because they are federally regulated. Therefore the state doesn't track the condition of 98 percent of the dams. No one is requiring a simple eyeball test [...]

State leaders are satisfied with how the state would respond to a dam

disaster because the state has an all-hazards plan that can handle any disaster scenario. But as Mitch Reid, program director for the Alabama Rivers Alliance, told *Montgomery Advertiser* reporter Andrew Yawn, “Saying we don't need a dam safety program is like saying we don't need building codes because we will respond if there's a natural disaster.”

Why not prevent the disaster from ever happening through continual evaluation, maintenance and repair of our aging infrastructure? Business owners know to inspect what they expect. Our government should apply the same basic practice. It's what's responsible, and it could save lives. ●

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

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Member Hotel
Discounts Webpage

ENJOY YOUR WINTER/SPRING
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FOR RSA MEMBERS

The Battle House,

A Renaissance Hotel—Mobile—\$119

- January 1, 7, 12-20, 28 • February 4-6, 14-26
- March 1-6, 11-31

The Renaissance Riverview Plaza—Mobile—\$109

- January 1-2, 5-6, 11, 14-16, 19-20, 28
- February 4-7, 14-18, 23-28
- March 1, 11-15, 21-22, 24-29, 31

Marriott Grand—\$127 plus a 15% resort fee

- January 1-4, 7-11, 14-15, 25, 28-30
- February 1, 4-7, 11-13, 18-21, 25-28
- March 4-5, 14-15, 18-21, 25-28

Marriott Grand—RSA Golf Package—\$199 plus a 15% resort fee—Promotional code—R2A

Includes: Deluxe Room, One Round of Golf for Two People.

Call for Tee Times after booking package

- January 1-4, 7-11, 14-15, 25, 28-30
- February 1, 4-7, 11-13, 18-21, 25-28
- March 4-5, 14-15, 18-21, 25-28

Marriott Shoals—Florence—\$109

- January 1-8, 10-11, 14-16, 18-22, 24-29
- February 4, 8, 11, 14-15, 18, 22, 25, 28
- March 1, 4-5, 7, 11, 14-15, 18, 21-22, 28-29

Renaissance Ross Bridge—Hoover—\$119

- January 1-12, 14-22, 25, 28-31
- February 1, 3-5, 8, 10-16, 20-22, 25-27
- March 4, 8, 11-15, 18-20, 22, 28-31

Opelika Marriott—\$109

- January 1-11, 13-17, 21-31
- February 4-5, 8-11, 15, 18, 25-26
- March 8, 11-12, 15, 18-19, 22, 25-26, 29

Prattville Marriott—\$89

- January 1-4, 7-8, 11-15, 27-29
- February 1, 4-5, 8, 11, 15, 18-19, 25
- March 3, 11-12, 18-19, 25

Renaissance Montgomery—\$119

- January 1-6, 14, 21, 28-29 • February 8, 18
- March 1, 18, 24-31

RSA Spa Package—**\$199—Promotional code—R2A**

- January 2-6 • February 8 • March 1, 24, 27-31

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.

TRS Board of Control Election Results

The TRS Election Committee met Tuesday, December 5, to certify the regular election results. Charlene McCoy ran unopposed for Teacher Position, No. 3. Richard “Dickie” Brown was re-elected to the Principal Position. Their 3-year terms will begin July 1, 2018. Congratulations to the winners!

A runoff election will be held for the Support Personnel Position, No. 2, and the Higher Education Position, No. 2, positions. Mr. Russell J. Twilley and Dr. Ke’Andrea S. Jones are running for the Support Personnel Position, while Ms. Kelli D. Shomaker and Dr. Robert Brooks are running for the Higher Education Position. Ballots for this election will be mailed no later than January 5, and must be returned to Election America in New York, by 4:00 p.m., February 9. Make your vote count! Your participation will ensure a fiscally sound retirement system for the future.

ERS Oaths of Office



Board Vice Chair Jackie Graham gives the Oath of Office to Jim Fibbe, Retired Local Employee Position, at the December Board meeting.



CEO

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Deputy Director

Donald L. Yancey

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Communications

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Chief Accountant & Financial Officer

Diane E. Scott

Employees’ and Judicial Retirement

William F. Kelley, Jr.

Field Services

Christopher C. Gallup

Information Technology Services

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Legislative Counsel

Neah M. Scott

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PEEHIP

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RSA-1

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