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SERVING OVER 358,000 MEMBERS

March 2019

The PLOP Bill: A New Option at Retirement

BY NEAH SCOTT, LEGISLATIVE COUNSEL

Rep. Alan Baker (R-Brewton) has pre-filed a bill (HB21) to implement a Partial Lump Sum Option Plan (sometimes referred to as “PLOP”). PLOP would allow a member to take up to two years of his or her retirement benefit as a one-time partial lump-sum distribution. The member’s retirement allowance would then be actuarially reduced by the amount of the lump sum.

For example, a 55 year-old member with 25 years of service and a final average salary of \$60,000 could take a \$30,000 lump sum at retirement and have his monthly benefit of \$2,515 reduced to \$2,289.

This is a good piece of legislation that will allow members more flexibility in how they receive their benefits. Check the RSA’s legislative webpage (<https://www.rsa-al.gov/index.php/about-rsa/legislation/>) for updates regarding HB21 once the legislative session begins on March 5, 2019. ●

The City of Montgomery – My Home

BY DAVID G. BRONNER

I was shocked by *Bloomberg* business reporter Ty Wright’s article. If he is correct, every citizen of our hometown needs to rally and help our city leaders fix the problems that have caused us to lose money on our home, which in most cases is our largest investment!

U.S. Home Sellers Gain, But Not in Montgomery

BY TY WRIGHT, *BLOOMBERG*

U.S. home sellers in 2018 had the biggest gains in 12 years as they benefited from longer tenure in their properties. Home sellers in 2018 had an average realized gain of \$61,000, up from \$50,000 in 2017, and \$39,500 in 2016. Homeowners who sold in the last quarter had stayed in their properties an average of 8.3 years.

...Home sellers lost money in a dozen metro areas last year. The biggest average loss, of \$26,000, was in Montgomery, Alabama. The last year Montgomery sellers sold for an average gain was in 2009. ●

Arkansas’ Top Newspaper Writes about the RSA

BY REX NELSON | *ARKANSAS DEMOCRAT-GAZETTE*

In 1990, David Bronner, the high-profile and often controversial director of the Retirement Systems of Alabama, had an idea. Bronner isn’t from the South. He was born in Iowa and grew up in Minnesota. He obtained bachelor’s and master’s degrees from what at the time was Mankato State University in Minnesota. He taught business and finance at his alma mater from 1967-69, then headed south to take classes at the University of Alabama, where he earned a law degree in 1971 and his doctorate in 1972. Bronner was an assistant dean at the law school in 1973 when he was hired to head the RSA, the pension fund for state employees. At the time, the RSA had \$500 million

and was owed \$1.5 billion by the state. By last year, it had about \$40 billion in investments.

In his book *The Robert Trent Jones Golf Trail: Its History and Economic Impact*, Mark Fagan writes: “In 1990, Alabama had a poor economy and negative image. Alabama needed economic growth and stability in order to strengthen and secure its pension fund for teachers, state employees, and judicial staff. It needed an economic development strategy that best fit its potential. This strategy included providing world-class golf courses on beautiful sites all around Alabama along with upscale lodging to get traveling golfers and migrating retirees to bring money

to Alabama. These facilities also equipped communities with recreational amenities needed to entice industries.”

The project resulted in 11 complexes with 26 golf courses, 40 lakes, 8 resort hotels, 20 restaurants, 5 spas, and almost 8,000 houses. Fagan writes: “It’s a massive economic development project that spans the entire state.... Eleven state agencies, 55 local government entities, 13 private developers and major contractors, and dozens of subcontractors assisted in land acquisition, utility expansion, access roads, and final approvals.... The most attractive available sites were selected to showcase the entire state and feature its

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diverse terrain from the mountains to the coast. The sites were selected as raw canvases on which Robert Trent Jones could use his creative skills in producing golf courses with universal appeal." Fagan notes that the Robert Trent Jones Golf Trail not only attracted thousands of visitors to Alabama, it was also a way to "get business leaders to visit our state to discover the benefits of doing business here."

Bronner had spent his first decade at the RSA concentrating on traditional investments. By the 1980s, he was looking for a way to diversify RSA investments while at the same time spurring economic development in Alabama. He brought in Robert "Bobby" Vaughan, a golf expert from North Carolina, to assemble a design team. Vaughan, in turn, began securing property across the state. Bronner then invited Jones, born in England to Welsh parents, to visit Alabama. Jones, a Cornell graduate, had designed nine holes of the university's golf course when he was a student. Following graduation, he went into business with a Canadian architect and began designing courses in Canada. Jones went out on his own in the 1930s and started designing U.S. courses. By the time he visited Alabama, he was one of the most famous golf course architects in the world. Jones was partially retired but agreed to take on the Alabama project. Much of the detailed design work was done by his top associate, Roger Rulewich. The Robert Trent Jones Golf Trail opened in 1992 with four courses. It wasn't long

before *The Wall Street Journal* was citing the Trail as being among the best bargains in the country.

"Although the golf courses themselves are only marginally profitable when compared with other aspects of the retirement system, the overall trail initiative and accompanying hotel development served as the centerpiece of a successful effort to bolster tourism and attract industry to Alabama," James Hansen writes for the Encyclopedia of Alabama. "Indeed, the RSA became the largest hotel developer in the state." Bronner told the *Montgomery Advertiser*: "The natives would say, 'Well, Alabama has great potential, but it never does anything.' So we thought about how you change an entire state. Changing a town is one thing. You bring a new factory in and you've changed a town. But if we created something in the state of Alabama that the rest of the United States doesn't have, that being the Trail, could we get tourism and industry to look at us and come to us that wouldn't otherwise? Our vision was to change the whole state, similar to how President Eisenhower changed our country after World War II with the interstate system. He didn't just impact one state in the country. He changed the whole country."

What does this have to do with Arkansas? Plenty. Both the Arkansas Teacher Retirement System and the Arkansas Public Employees Retirement System have new directors. Clint Rhoden now heads the \$17.3 billion ATRS, having moved

up from associate director of operations following the retirement of George Hopkins. Duncan Baird heads the \$8.8 billion APERS, having come over from his job as state budget administrator at the Department of Finance and Administration following the retirement of Gail Stone. New ideas come from new directors. What if both ATRS and APERS were to make investments that would change Arkansas the way the golf trail changed Alabama? Golf isn't the answer for Arkansas. It's a sport in decline, and Arkansas already has plenty of golf courses thanks to the development of retirement communities during the 1960s, '70s, and '80s.

I would suggest investing in downtown Hot Springs and Eureka Springs, both of which have the potential to explode as destinations during the next decade. Hot Springs, which already is seeing millions of dollars of investment downtown, appears on the verge of again becoming a major destination, especially for those from the booming Dallas-Fort Worth market. Eureka Springs, while more isolated, is poised to better take advantage of not only the growth of northwest Arkansas but also the Kansas City, Tulsa, and Oklahoma City markets. Arkansas, a state where obtaining capital has always been a problem, must invest in itself. Alabama has its golf trail. Arkansas could see two old health resorts restored to their past glory, bringing in wealthy visitors and improving the quality of life for those who already live here. ●

2018 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. 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 2019, the RSA mailed 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.
- 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 or request it from Member Services at 334.517.7000 or 877.517.0020 toll-free.

- Q.** If I did not receive a Form 1099-R from the RSA by February 8, 2019, how may I obtain one?
- A.** The RSA will provide a duplicate Form 1099-R. The original Form 1099-R was 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.



Alabama Success Stories

DAUPHIN ISLAND SEA LAB

A trip to the Dauphin Island Sea Lab can begin a journey of wonder that expands to scientific collaboration.

The Dauphin Island Sea Lab was created to provide marine science programs for the state of Alabama's colleges and universities. Founded in 1971 by the Alabama Legislature, the goal was to reduce redundancy in higher education. Today, opportunities include graduate and undergraduate studies, K-12 education, professional development, and a public aquarium.

"Because the planet's environments are changing so rapidly and in many ways unpredictably, it is of critical importance that we better understand how natural processes work in the world's ocean," Executive Director John Valentine explains. "It is here that we bring together scientists, educators, and interested members of the community to study how the environment is shifting and affecting our ocean resources. In doing this, we are better able to make robust projections about how future ocean conditions will be."

Surrounded by the natural coastlines of Mobile Bay, the Mississippi Sound, and the Gulf of Mexico, the Dauphin Island Sea Lab is the perfect place to raise awareness and understanding of our oceans.

Each year more than 15,000 students are introduced to these environments by Discovery Hall Programs marine educators. Educators also have the opportunity to attend professional development workshops on a variety of topics to broaden the scope of what is brought into the classroom.

"Our education philosophy is one of do," Discovery Hall Programs Chair

Dr. Tina Miller-Way said. "We give our visitors a true hands on education by providing authentic experiences in the field, in the salt marsh, on the boat, driving underwater robots, and collecting and analyzing data. It's these experiences that give students and all of our visitors a better understanding of the ocean."



On the path to the future, DHP gives the youngest minds power to connect with the world of marine science – asking questions and learning how to find the answers. Teachers across the country make plans year after year to bring their students for the experience. For some students, it opens the door to a desired career in marine science and ocean conservation.

University Programs can help to continue the path for these students. Partnered with 23 Alabama colleges and universities, undergraduate and graduate students can register on their home campus to take courses and live on the Dauphin Island Sea Lab campus. Their professors are scientists known for their work in a diversity of fields.

"University Programs' scientists perform cutting edge research on contemporary issues that affect ecosystems from the watershed to the continental shelf," University Programs Chair Dr. Lee Smee

said. "Our research focus is coastal, where people interact most with the ocean. Our research projects range from aquaculture, to red tides, to fisheries, to sea level rise. Our projects are of relevance to Alabama but are of global significance such as understanding factors that affect biodiversity."

Graduate courses are offered year-round, while undergraduate courses are offered during three summer sessions.

The public aquarium at the Dauphin Island Sea Lab takes visitors on a journey through the habitats of coastal Alabama from the Mobile-Tensaw Delta to the mouth of Mobile Bay. Visual and interactive exhibits showcase the plants, animals, and other natural

resources found in the Estuary and its surrounding marine habitats.

"We highlighted the habitats of Mobile Bay, the Gulf, and Mississippi Sound, so, the public would have an understanding of the life that lives here and the value of that life to everyone around us," Dr. John Dindo, the Estuarium Director explained.

The Dauphin Island Sea Lab's research scope is worldwide. Its alumni are renowned scientists, teachers, and conservationists – creating a legacy of conscientious stewardship for future generations.

Learn more about the Dauphin Island Sea Lab at disl.org.

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



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

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The Battle House,

A Renaissance Hotel—Mobile—\$119

- March 10-13, 21-28, 31 • April 2-4, 7-24, 28-30
- May 1-2, 7-31

NEW The Battle House—RSA Spa Package—\$207

- March 11-13, 21-22, 28
- April 2-4, 8-12, 15-19, 22-24, 29-30
- May 1-2, 6-9, 13-16, 20-23, 27-30

The Renaissance Riverview Plaza—Mobile—\$109

- March 10-12, 24-26, 31
- April 1, 10-11, 14-18, 20-30
- May 1-2, 7, 19-23, 26-30

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

- March 3, 7-8, 13, 28, 31 • April 1, 10, 28-30
- May 12, 19, 22, 27-28

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

- March 3, 7-8, 13, 28, 31 • April 1, 10, 28-30
- May 12, 19, 22, 27-28

NEW Marriott Grand—RSA Spa Package—\$259 plus a 15% resort fee

- March 3, 7-8, 13, 28, 31 • April 1, 10, 28-30
- May 12, 19, 22, 27-28

Marriott Shoals—Florence—\$109

- March 3, 10, 17, 24, 28, 31 • April 7, 14, 21, 28
- May 5, 12, 19

NEW Marriott Shoals—RSA Spa Package—\$210

- March 3, 10, 17, 24, 31 • April 7, 14, 21
- May 5, 12, 19

Renaissance Ross Bridge—Hoover—\$119

- March 3-5, 10-13, 17-31 • April 1-3, 7-22, 28-30
- May 1-2, 5, 8-13, 15, 19, 26-31

NEW Ross Bridge—RSA Spa Package—\$223

- March 3-5, 10-13, 17-21, 24-28, 31
- April 1-3, 7-11, 14-18, 21-22, 28-30
- May 1-2, 5, 8-9, 12-13, 15, 19, 26-31

Auburn/Opelika Marriott—\$109

- March 1-2, 5-6, 9-19, 29-30
- April 1-10, 14-27, 30
- May 1, 6, 10-23, 27-29

NEW Auburn/Opelika Marriott—RSA Spa Package—\$201

- March 1-2, 5-6, 9, 12-16, 19, 29-30
- April 2-6, 9-10, 16-20, 23-27, 30
- May 1, 10-11, 14-18, 21-23, 28-29

Prattville Marriott—\$89

- March 10, 17, 24, 31 • April 7, 14-15, 21, 28
- May 5, 12, 19, 26-27, 30

Renaissance Montgomery—\$119

- March N/A • April 21-22, 28
- May 2, 5, 23, 26-27, 30

RSA Spa Package—\$209—Promotional code—R2A

- March N/A • April N/A • May 2, 23, 30

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.

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Discounts Webpage



ERS Board Seeks Candidates for Upcoming Election

Candidates are being sought for the **Active State Position No. 2**, and **Active Local Position No. 2** of the ERS Board of Control. The active positions are four-year terms beginning October 1, 2019, and are held by David Bollie and Ben Powell, respectively. The election will take place this May.

The nominee for the Active State Position No. 2, must be an active vested member of the ERS by virtue of employment with a state agency. The nominee for Active Local Position No. 2, must be an active member of the ERS by virtue of employment with a local agency (city, county, town, public or quasi-public agency).


Nomination packets are available at www.rsa-al.gov or by contacting the Election Coordinator at 334.517.7192 or 877.517.0020. The completed packet must be returned to the ERS office by 4:00 p.m., April 15, 2019. ●

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:
Tag, P.O. Box 302150, Montgomery, AL 36130-2150



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