

EMPLOYEES' RETIREMENT
SYSTEM OF GEORGIA

*Orientation on Retirement Benefits
for State Employees*



Agenda



Facts for Part-Time/ Temporary Employees
Georgia State Employees' Pension and Savings
(GSEPS) Plan Information
Peach State Reserves 401(k) and 457 Plans





Part-Time/Temporary/Seasonal Employees Only





Part-Time/Temporary Employees

Not eligible for GSEPS Pension or 401(k) Match

May OR may not be eligible for Peach State Reserves,
depending on position

Eligible for Georgia Defined Contribution Plan (GDCP)

- Employees required to contribute 7.5% of gross pay to GDCP, after tax
- No employer contributions
- Upon separation from service or switch to full time status
 - *If the interest earned is greater than \$200, you may rollover the interest earned in GDCP to a qualified retirement plan and have your contributions refunded to you*
 - *Refund entire account to yourself; taxes and penalties may apply on any interest earned on the account*

Creating retirement security



Federal
Government



Social
Security

Employer



Pension
&
401(k) Match

Individual



401(k), 457,
and
personal
savings





Employees' Retirement System

The State of Georgia gives you the best of both worlds:

Defined Benefit Pension Plan

and

Peach State Reserves 401(k) and 457 Plans

with

401(k) Matching



GEORGIA

STATE EMPLOYEES'
PENSION & SAVINGS PLAN



EMPLOYEES' RETIREMENT
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Overview

GSEPS

For employees hired on or after 1/ 1/ 2009

Two Part Plan

- Defined benefit (Pension)
 - *Years of service x highest average salary* x 1%*
- Peach State Reserves 401(k) Plan
 - *Employer match (maximum 3%)*
 - Dollar for dollar on first 1% contribution
 - Fifty cents on the dollar for contributions 2% through 5%

* Highest average salary equals highest average 24 consecutive months of earnings

ERS developed this presentation to provide general information about your retirement benefits. In the case of any conflict between what is presented here and the laws governing this System, the law will take precedence.

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Overview cont'd.

GSEPS Defined Benefit Pension Plan

Mandatory employee contribution to defined benefit is 1.25%

Vesting for GSEPS pension is 10 years

- Vesting entitles you to a lifetime benefit from the pension plan
- Leaving state employment prior to vesting entitles you to your pension contributions plus accrued interest only

Benefit is determined by a formula

- Years of Service x Highest Average Salary* x 1%

* Highest average salary equals highest average 24 consecutive months of earnings.

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Retirement Eligibility



GSEPS Pension Retirement Eligibility

- Normal Service Retirement
 - Age 60 and a minimum of ten years
 - Any age with a minimum of 30 years
- Early Retirement
 - Any age with a minimum of 25 years of service subject to a penalty based on age or years of service whichever is less.





Peach State Reserves 401(k) and 457 Plans





Why save with Peach State Reserves? (PSR)

Answer:

25% of your life could be spent in retirement

You could leave employment with the state before you're vested for pension benefits

Portability – you can transfer it to another employer plan

Workers may need half (48%) of their retirement income to come from personal savings, including deferred compensation plans*

Pre-tax contributions mean tax savings for you



* 2006 Retirement Confidence Survey sponsored by CitiStreet



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GSEPS 401(k) Employer Match

Match dollar for dollar on the first 1% of contributions (100% match)

For contributions from 2% through 5%, match is 0.50 on the dollar (50% match)

Only the first 5% of contributions will be subject to employer match

Total match will not exceed 3% of compensation

You may contribute more, subject to plan maximums

Match is paid every pay period

Example:

Based on an annual salary of \$30,000 paid semi-monthly

Contribution %	Contribution \$ per pay period	Employer Match per pay period
1%	\$12.50	\$12.50
2%	\$25.00	\$18.75
3%	\$37.50	\$25.00
4%	\$50.00	\$31.25
5%	\$62.50	\$37.50
Employee may contribute over 5% to the plan, but will only be matched on contributions through the 5 th %		\$37.50

No Loans in state 401(k)



GSEPS – 401(k) Savings Plan

You are automatically enrolled at 1% upon date of hire unless you complete an “Opt Out” form for the 401(k) at the time of hiring

- You may choose to increase your contributions or stop your contributions at any time by contacting GaBreeze
- Remember to take advantage of the entire matching contribution. The State of Georgia will match you through 5% of your contributions.
 - *If you contribute 5% or more the state will match 3%*
- If you stop your contributions, you may re-enroll in the plan any time in the future by contacting GaBreeze

401(k) Match Vesting



401(k) employer match is subject to a 5-year vesting schedule

Years of continuous service	Vested amount
After 1 year	20%
After 2 years	40%
After 3 years	60%
After 4 years	80%
After 5 years	100%

Reduce taxable income with PSR



	After Tax	PSR
Annual pay	\$30,000	\$30,000
Pre-tax contribution	N/A	-\$1,800
Income subject to tax	\$30,000	\$28,200
Federal taxes*	-\$ 7,500	-\$7,050
State Tax**	-\$1,800	-\$1,692
Net income	\$20,700	\$19,458
After-tax contributions	-\$1,800	N/A
Spendable income	\$18,900	\$19,458



*Assumes a flat 25% tax bracket without the standard deduction.

**Assumes Georgia State Tax to be 6.00%

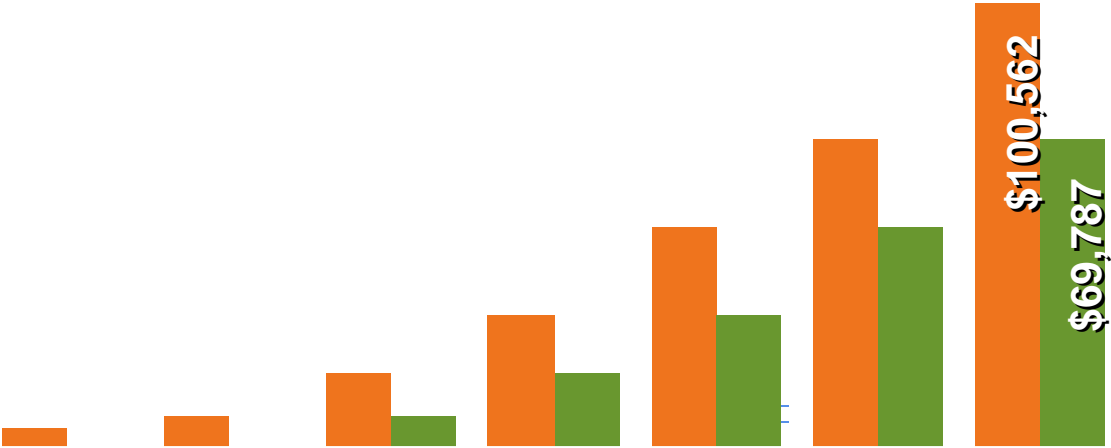
Start early



Jane



John



* Example is based on a hypothetical return of 6%. This example is for illustration purposes only. The returns you experience may be more or less depending on actual investment returns in your account.



Remember Peach State Reserves Offers 2 Different Plans

401(k)

and

457





Plan Comparison

Which plan should I choose?

401(k)

401(k) contributions are matched by employer up to 3%

No withdrawals prior to separation of service except:

- 59½, even if still employed (except employer contributions)
- Financial Hardship withdrawal (if approved, employee contributions only)

Penalty of 10% for any withdrawal made prior to 59½ (limited exceptions)

If married must elect spouse as beneficiary unless spouse waives right to be beneficiary

No quarterly fee

457

No withdrawals prior to separation of service except:

- Unforeseen Emergency withdrawal (if approved)
- Small balance withdrawal (balance must be less than \$5,000.00 and no contributions may have been made within the last 24 months)

No early withdrawal penalty regardless of age

Can designate anyone as beneficiary

Allows for 3 year catch-up contribution prior to retirement

Quarterly fee of \$8.00

All withdrawals and distributions are considered taxable income and are subject to ordinary federal and state withholding taxes. Note: The information above is for general information purposes only. You should speak with your tax advisor to the application to your specific circumstances.

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Plan Comparison

How are the 401(k) and 457 similar?

Both plans offer the same investment choices

Each plan allows for employees age 50 or over to contribute more money

Contributions to both plans are pre-tax

When you leave state employment, either plan may be rolled into another employer qualified plan or a traditional IRA.

- Note: 457 money rolled over to an IRA, 401(k), or 403(b) can later be subject to early withdrawal penalties if subsequently withdrawn

Both plans assess investment management fees by fund

- Combined fee for investment management, securities selection, Plan administration
- Fees accrue daily
- Fees vary by fund and are disclosed on the fund's fact sheet available on the web
- All fund investment fees are under 1.00%



All withdrawals and distributions are considered taxable income and are subject to ordinary federal and state withholding taxes. Note: The information above is for general information purposes only. You should speak with your tax advisor to the application to your specific circumstances.



Plan Comparison

Financial Hardship Withdrawals and Loans

Both the 401(k) and 457 plans allow for withdrawals due to financial hardship or unforeseeable emergencies under very limited circumstances and it can be very difficult to qualify. Significant documentation and financial disclosure must be provided. There is no guarantee that your withdrawal request will be approved.

NO LOANS are available from either the 401(k) or the 457 plan with Peach State Reserves.



Basics for Participating in PSR

Enroll any time and discontinue participation at any time

- Automatically enrolled in 401(k) at 1% unless you “Opt Out” upon hire

Minimum contribution of 1% of pay on a pre-tax basis
(IRS limit of \$16,500 for 2011)

Participants age 50 and over may contribute additional
\$5,500 to each plan for 2011 (\$22,000.00 max)

May contribute to both 401(k) and 457 plans

- Only 401(k) contributions are matched

Choose from a diverse range of investment options



Next steps

Joining Peach State Reserves 401(k) is automatic upon hire

- You are automatically enrolled in to the 401(k) upon hire at a rate of 1%

Contribute as much as you can

- Don't leave FREE money on the table. If you contribute 5% or more of your pay, the state will contribute 3% to your account.
- Contact GaBreeze to increase your contributions

Set a goal

Evaluate your risk and reward tolerance

Review your investment options carefully

Create a diversified portfolio

Review your portfolio regularly





Thank you!

www.gabreeze.ga.gov

GaBreeze Call Center

1-877-342-7339

