



Jeffrey L. Ezell
Executive Director

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October 14, 2008

To: TRS Reporting Employers
House Retirement Committee Members
Senate Retirement Committee Members
All Interested Parties

From: Jeffrey L. Ezell
Executive Director

Re: Proposed Amendment of TRS Policy

In its meeting held September 24, 2008, the TRS Board of Trustees voted to amend the following policy under the authority of O.C.G.A. § Section 47-3-26(b) and Section 47-3-126.

Administrative Rule 513-5-1-.16. - Post Retirement Adjustment of Benefits: The policy amendment would require the Board at its annual meeting to determine the amount of cost-of-living adjustment to be paid during the next fiscal year. The July 1 and January 1 benefit may be adjusted up to a maximum of 1-1/2%. Current TRS policy grants a 1-1/2% cost-of-living adjustment every six months without Board action.

The TRS Board of Trustees plans to vote on the adoption of the amended policy (copy enclosed) at the next meeting to be held Wednesday, November 19, 2008. The meeting is scheduled to begin at 10:30 a.m. in the TRS Conference Room, 1st Floor, Beta Building, Two Northside 75, Atlanta, Georgia 30318.

All TRS reporting employers are required by law [O.C.G.A. 47-1-10(b)(1)] to post this notice on bulletin boards for your employees and take reasonable steps to assure that members of this System are apprised of the proposed change to TRS policy.

Objections to the proposed policy change must be submitted in writing and addressed to:

Board of Trustees
Teachers Retirement System of Georgia
Two Northside 75, Suite 100
Atlanta, GA 30318

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Enclosure

POST-RETIREMENT ADJUSTMENT OF BENEFITS

A cost-of-living increment may be granted two times a year on January 1 and July 1 to be determined in the following manner:

- (a) On the July 1 or January 1 following retirement, the average of the Consumer Price Index will be determined. This is the base index for all beneficiaries retiring during the six month period ending on such July 1 or January 1.
- (b) As of each subsequent January 1 or July 1, the average of the Consumer Price Index will be determined. This is the current index.
- (c) The ratio of Item (b) to Item (a) is determined.
- (d) If the ratio in (c) above is equal to or greater than 1.000, the retirement benefits may be adjusted up to a maximum of 1-1/2%.

If the percentage determined in (c) above is less than 1.00, indicating a reduction in the Consumer Price Index for the period, the retirement benefit may be reduced by the Board of Trustees if the ratio is less than .975 or, in other words, if the reduction is between 0 and 2-1/2%, no adjustment will be made in the retirement benefit; however, if the reduction is greater than 2-1/2%, the retirement benefit may be adjusted by the Board of Trustees, however, no reduction would be greater than 1-1/2% of the retirement benefit for any period. The beneficiary's retirement benefit, once adjusted, remains constant for the next six months until the next review. In no event will the retirement benefits be reduced by an amount exceeding all previously granted cost-of-living adjustments.

- (e) For those retiring from July 1 thru December 1, the subsequent July 1 will be the earliest date for an adjustment to be made. For those retiring from January 1 thru June 1, the subsequent January 1 will be the earliest date for an adjustment to be made.
- (f) The average Consumer Price Index (CPI) for a six month period ending on January 1 of any year is defined as the average of the "All Urban Consumers" CPI published by the Bureau of Labor Statistics for the six months ending on the previous October, similarly, the average as of July 1 will be computed based upon the six months ending on the prior April.
- (g) Adjustments in benefit will be provided only to a real person who is in receipt of a life annuity with or without related death or survivorship benefits.
- (h) Any cost-of-living adjustments will be determined at the annual meeting of the Board of Trustees and will be effective for the following July 1 and January 1.

(Adopted 5-27-87; Amended 3-26-03; Amended 11-19-08) Administrative Rule 513-5-1-.16