

**HB 1380 GIVES THE STATE AN INSURABLE INTEREST IN YOUR LIFE**

HB 1380 would give the Governor<sup>1</sup> or boards of trustees an insurable interest in your life for the purpose of allowing the purchase of life insurance on all current and retired employees. The bill *requires the premiums to be paid from the pension fund*. Then at the employee's or retiree's death, the pension fund, as a partial beneficiary, would recover premiums paid plus interest.

Many corporations have purchased life insurance on key employees (called Corporate Owned Life Insurance), and some have even expanded coverage to all their employees. Typically, the corporation is the beneficiary and receives the death benefit. Employees and the IRS have brought lawsuits against these corporations—resulting in this type of insurance becoming known as “dead peasants” insurance.

HB 1380 would provide apparently no advantage to state employees or retirees. Because premiums would be paid from the pension fund and this type of insurance is very costly, the funded percentage of the ERS pension trust would be reduced even more. Further, if this insurance replaces our current Group Term Life Insurance (GTLI), *death benefits currently payable to members' designated beneficiaries may be lowered*. And, such policies could be discriminatory **unless** they cover all ERS members.

**Effect on ERS Pension Trust:** Paying premiums from the retirement trust fund would further subject the ERS to an even greater deficit between the trust fund's assets and its liabilities. Because the state reduced ERS funding in 2001 by about one-third, the funded percentage has already dropped from 101% to 89.4%. ERS retirees have received a reduced or “zero” COLA since 2007 because of the decreased funding. *Taking additional funds from the retirement trust fund would adversely affect the ERS even more. And for what purpose? Retirees already have state-supported life insurance – unless the bill is intended to replace the current Group Term Life Insurance program.*

**Reduced Insurance:** If ERS is the partial beneficiary to recover total premiums paid plus interest, and your current plan is replaced by a different one, *your current beneficiary (designated by you) could receive less insurance than is currently provided*. Depending upon the number of years from the plan's inception, the designated beneficiary amount could be substantial. In addition, HB 1380 provides for employees and retirees to be automatically insured but allows the individual 10 days from the date the policy is received by the State, to decline. If a retiree declines the insurance coverage, his/her coverage would be cancelled entirely.

**Plan Discriminatory:** Employees hired after July 1, 2009, are not eligible for GTLI. Even though the Pre-July 1<sup>st</sup> 2009 employees continue to contribute to the GTLI, the state eliminated its contribution to the GTLI trust fund several years ago. If the post-July 1<sup>st</sup> 2009, employees are not included in the coverage, the plan could be discriminatory.

**GSRA opposes HB 1380** because it could be another raid on the ERS pension trust fund and it does not appear to be needed. The employees and retirees receive absolutely no benefit from this bill, but they and their family members could be significantly disadvantaged.

**What you need to do:**

HB 1380 was introduced and assigned to the House Appropriations Committee on March 11, 2010. *It is to be considered by the Committee on Monday, March 15, 2010 at 2:00 p.m. in Room 341 of the State Capitol*. Please review this information carefully. If you are concerned about passage of this bill, an immediate email and a telephone call to your own State Representative would be in order. You can find your representative by visiting [www.legis.state.ga.us](http://www.legis.state.ga.us) and then clicking on “Find your Legislator” at the bottom of the page. Or visit [www.mygsra.com](http://www.mygsra.com) home page and go to the “Legislation” tab. From the

<sup>1</sup> HB 1380 also allows a local school district to purchase life insurance for its employees and retirees.

dropdown menu, click on “contacting legislators’. Please take care to follow the GSRA guidelines for communicating with your elected officials.

In addition, you are urged to contact each of the officers of the House Appropriations Committee listed below.

Chairman:	Rep. Ben Harbin	404 463-2247	<a href="mailto:ben.harbin@house.ga.gov">ben.harbin@house.ga.gov</a>
Vice Chairmen:	Rep. Mickey Channell	404 656-7856	No email
	Rep. Earl Ehrhart	404 463-2247	<a href="mailto:earl@ehrhart.4emm.com">earl@ehrhart.4emm.com</a>
	Rep. Terry England	404 463-2247	<a href="mailto:englandhomeport2@windstream.net">englandhomeport2@windstream.net</a>
	Rep. Calvin Hill	404 656-0129	<a href="mailto:chill@gilainc.com">chill@gilainc.com</a>
	Rep. Penny Houston	404 463-2247	No email
	Rep. Chuck Martin	404 463-2247	<a href="mailto:chuck@martinforgeorgia.com">chuck@martinforgeorgia.com</a>
	Rep. Butch Parrish	404 463-2247	<a href="mailto:butch.parrish@house.ga.gov">butch.parrish@house.ga.gov</a>
	Rep. Carl Rogers	404 463-2247	<a href="mailto:carl.rogers@house.ga.gov">carl.rogers@house.ga.gov</a>

The House Appropriations Committee is very large and has too many members to list them all here. Please visit [www.legis.state.ga.us](http://www.legis.state.ga.us) and follow the links to Committees on the home page to obtain their individual contact information. A postcard or letter can be addressed to each Committee member at:

House Appropriations Committee  
245 State Capitol  
Atlanta, GA 30334  
Main Telephone: 404 463-2247

**MAKE YOUR VOICE HEARD NOW!**

**HELP STOP THIS ATTACK ON YET ANOTHER RETIREMENT BENEFIT!**