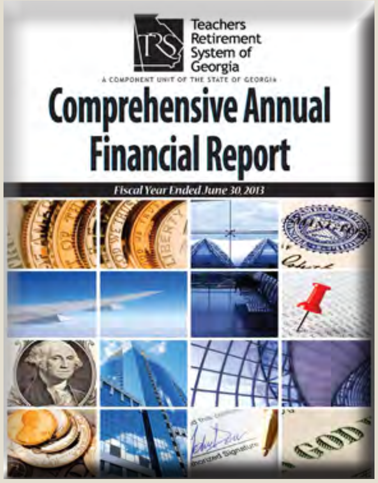
Teachers Retirement System of Georgia
www.TRSGA.com

TRS RETIREMENT REPORT

A BI-ANNUAL NEWSLETTER FOR RETIREES
Winter 2014

2013 Comprehensive Annual Financial Report Available Online

To view or download the annual report, please click on the Publications link on our website. Simply click on the *2013 Comprehensive Annual Financial Report* link to download (it is a large file, so it may take a few seconds to load).⌘


Teachers Retirement System of Georgia
A COMPONENT UNIT OF THE STATE OF GEORGIA
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2013

News by the Numbers

from

Jeffrey L. Ezell, Executive Director

$64 Billion

I am very pleased to report that our assets have grown significantly over the past year. Since December 2012, TRS assets have increased $8.5 billion, bringing our net assets, as of December 2013, to $64.1 billion. Thanks to a stronger stock market and our diligent team of investment professionals, TRS is doing well and is financially and actuarially sound.

104,521

We reached a milestone last January of exceeding 100,000 retirees. As of January 1, 2014, we now have 104,521 TRS retirees. Did you know that we have 6,073 retirees who are over 85 years of age and 110 of these retirees are over 100 years of age? It is our pleasure to provide all of our retirees with the professional customer service they deserve and an assurance that their retirement benefit will be paid timely and accurately each and every month.

$3.5 Billion

TRS paid over $3.5 billion in benefits to retirees during Fiscal Year 2013 and almost 90% of our retirees reside in Georgia. As consumers, our retirees pump money back into their community's economies through expenditures on goods and services. This economic impact amounts to approximately $6.0 billion a year. These expenditures increase economic demand and encourage employment through-out the State. In other words, you as a TRS retiree have a substantial impact on Georgia's economy.

34,000

Our member education programs continued to be successful in 2013. We individually counseled over 7,000 members. We also conducted over 300 educational presentations, meetings, and benefit fairs, reaching over 27,000 members, and

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News by the Numbers continued

sponsored 10 retirement seminars across the State with speakers from TRS, the Social Security Administration, the State Health Benefit Plan, the Board of Regents Health Plan, and financial/estate planning experts. Six employer training seminars were attended by over 200 human resources personnel.

The 2014 Georgia General Assembly convened on January 13, 2014, and is the second year of the two-year (2013 - 2014) biennium session. Retirement legislation that has a fiscal impact can only be introduced during the 1st year of a two-year session and can only be acted on during the 2nd year. Fiscal bills from 2013 that were moved forward for an actuarial study remain valid through the 2014 session. A fiscal bill that was not moved forward has “Died in Committee” and will not be considered during the 2014 session. A synopsis of current legislation is available on the TRS website and will be updated frequently during the session.

Please visit us online at www.trsga.com to receive the latest news and to periodically view your account. Feel free to contact us by chat, email, or phone if you have any questions or if you just wish to let us know how we’re doing. If you would like TRS to speak at your next event, please contact Mike Zarem at 404-425-6616.

I wish you a prosperous, healthy, and happy New Year! Thank you for your continued support! ⌘

Working After Retirement Through a Temp Agency

If you are a TRS retiree working in a capacity which would normally be held by a teacher/substitute teacher, whether employed directly or indirectly, you are limited by Georgia law.

If you are employed by a TRS employer via a temp agency, you are still subject to the return to work provisions outlined in Georgia law. Your employer must report your employment to TRS and include the total salary paid to the temp agency for your employment. TRS will audit your employment and corresponding salary for compliance and notify you and your employer as to whether or not the employment is allowable.

TRS works in cooperation with the Georgia Department of Audits and Accounts (DOAA) to determine final compliance for TRS retirees returning to work. Should a discrepancy exist between the audit performed by DOAA and the information submitted to TRS by the employer, you may be liable to TRS for all benefits, plus interest, wrongly paid to you during the employment. ⌘

7 Big Mistakes to Avoid in First Year of Retirement

Rookie mistakes abound when you try pretty much anything for the first time. So, why should retirement be any different?

It's just that in retirement, as in skydiving, when you make a mistake, it's a lot harder to recover.

So, to help you through that first year, we asked the experts what are the biggest mistakes made by rookie retirees. Collectively, they had about a dozen, but we have boiled them down to seven.

1. Not having a financial or life plan. Not surprisingly, financial planners were nearly unanimous in the importance of visiting a financial planner and having a plan leading into retirement. "The biggest mistake you can make going into retirement is going into retirement without a plan in place. "That's critical as you're coming up on retirement," says Katherine Dean, managing director, wealth management planning for Wells Fargo Private Bank.

Failure to plan is one of the most common reasons why retirees run into problems, says David Laster, director of investment analytics at Merrill Lynch Wealth Management and author of Pitfalls in Retirement, published in the Journal of Retirement . "In one survey, by the Employee Benefits Research Institute, only 42% of workers try to calculate a budget before going into retirement. If you don't do that, that leaves you vulnerable to some unpleasant surprises in retirement. And it can be painful."

And not just financially. Lifestyle matters, too. "There is this honeymoon phase that could last a few weeks or few months," says Patrick O'Connell, executive vice president at Ameriprise Advisor Group. "After that point the people that have a good life plan are working on things that bring meaning and fulfillment into life. If they haven't thought about what they want to do that is meaningful and fulfilling, six months in, it is not this terrific experience they thought it would be," he says."

John Sweeney, executive vice president of retirement and investment strategies at Fidelity, says you have the best opportunity for a successful retirement when you talk to your financial planner – before you retire. That's when you have the most options. "Pay off your mortgage, reduce expenses, that all increases your chances of a successful retirement. If you continue to work, that will help. Using the catch-up contributions (to IRA or 401(k) will also help. Having that dialogue before they retire gives them many more options to improve success of the plan," he said.

2. Overspending. "When you are in retirement you have a lot of time on your hands," says T. Michelle Jones, vice president at Bryn Mawr Trust in Bryn Mawr, Pa. "People do more shopping, take vacations. It is important to create a real budget that includes fixed expenses and discretionary expenses. And consult a financial adviser. A lot of people are surprised to see how their money is being spent and where they are spending."

"New York Life asked a group of people how much of retirement saving can you spend without depleting your assets," Laster says. "The biggest number, 42%, said I have no idea. Income drives spending. If you retire and have accumulated a nice nest egg and there is no more paycheck, What do I do? A lot of people have no idea."

That big retirement nest egg can seem awfully tempting. "People try to enjoy all the things they have been deferring," Laster says. "They may travel a lot or splurge on presents. That's a potential risk, overspending, particularly right after retirement."

3. Claiming Social Security too early. "The biggest and most common (mistake) is that they take Social Security too soon," Jones says. "One of the small things you can do to make benefits as large as possible is to delay receiving them as long as possible.

"About half of all Americans start benefits as early as possible, at age 62," she says. "Many people say,

7 Big Mistakes to Avoid in First Year of Retirement continued

'I want to get the most money because I don't know when I'm going to die,'" she says.

Waiting to take Social Security is a far smarter move, says Jeremy Kisner, president of Surevest Wealth Management in Phoenix. "A better move would have been not to claim it till a later date. For every year you wait between 66 and 70, your Social Security is increasing at 8% a year. In a lot of scenarios, people should be waiting."

4. Being too conservative with investments and not considering inflation. Retirees used to move most of their savings into bonds and CDs, but those days are over, given current interest rates. Sweeney says a 65-year-old should have half or more of his portfolio invested in stocks.

One reason: Bonds and CDs won't whip inflation. "We try to make folks understand the time frame they will live in retirement," he says. "If a couple lives to 65, they have a good chance that one of them will live into their 90s," he says. They need to understand inflation will erode their buying power over the 30 years or more that they are in retirement, he says.

Laster says after 2008 many people went to the safety of cash – CDs and money market funds paying zero interest. "They wanted the safety and security of high-quality Treasury bonds or something like that," he says. By doing so, however, they put themselves at real risk of outliving their money, particularly if they have to take out increasing amounts each year to compensate for inflation. "When you retire you should recognize that in all likelihood you can have another 20 or 30 years in retirement.," Laster says. It's important to have a diversified portfolio."

5. Retiring too early. "Sixty-nine percent of people plan to earn some money after they retire, but only 27% report that they have worked for money after retirement," Kisner says. "Typically, you might be at a job making $80,000. You can't come close to replacing the income. For every year you continue to work between 62 and 70, you increase your probability of success (in retirement) by 10%."

6. Underestimating life expectancy. "One that is really interesting to me, is underestimating life expectancy or longevity," Dean says."We're seeing people live much longer," she says. "The Employee Benefits Research Institute (EBRI) is currently reporting that half of men who hit age 65 will have additional life expectancy of more than 17 years, and women, another 21 years. We see people now living into the hundreds."

7. Not having a health care strategy. "Health care costs have been rising substantially," Dean says. "Most of the population will need some kind of long-term care. That could be a substantial part of your retirement expenses. According to an EBRI survey, half of men reaching age 65 will need some sort of long-term care."

O'Connell says that not addressing the risk that health care can and will create in retirement is in his list of top three retirement mistakes. "I see clients that have a well-defined plan and income strategy, but not one for health care," he says. "That's the biggest exposure and for many people the only significant thing that can cause chaos to their finances and their family's." ⌘

Rodney Brooks, USA TODAY

2014 EFT Benefit Payment Dates

January 2	July 1
February 3	August 1
March 3	September 2
April 1	October 1
May 1	November 3
June 2	December 1