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Plan to Avert Insolvency and Save G.E.R.S. at No Cost to Beneficiaries Has Been Found, Chairman Says

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Nellon Bowry, chairman of the Government Employees' Retirement System says a new financial advisor of Governor Albert Bryan has put together a proposal that will stop G.E.R.S. from becoming insolvent.

“I attended a meeting that the governor called with members of the Legislature. It was not a formal hearing, and they were at pains to indicate that it was not a formal hearing — it was an information hearing,” Mr. Bowry told members of the G.E.R.S. Board of Trustees during its regular meeting on Thursday.

“At that meeting, the governor’s new financial advisor outlined a proposal that he is putting together to fully fund or to substantially fund the G.E.R.S. to a point where according to the

analyses that were provided that plan will pretty much take insolvency off the table,” Mr. Bowry disclosed in the meeting which was live to the public via Zoom and Facebook.

Sharing details about the proposal, he said, “It’s a way to transfer substantial amounts of money from the matching fund to a G.E.R.S. fund in the form of substantial annual contributions. This will be in addition to the regular payroll base contribution,” he said.

“It’s a plan, it’s an estimated plan but in my view, it looks good. If it works out, the numbers we saw, we are looking at \$3.9 billion to \$4 billion from 2020 for more than 30 years. It will not be a lump sum contribution but an annual contribution,” he said while sharing information about the proposal.

Explaining that the process to make the plan become operational will require some crisscrossing to get it done, Mr. Bowry said that one of the main challenges is the matching funds as it currently exists in principle.

“This involves establishing another matching fund through incorporation, and it will issue its own bonds and use those proceeds to fund the existing matching funds. In that way it will leave the government free to give those matching funds to the new entity and the new entity will use that money to finance their bonds and from the left-over money or some of the left-over money will then be channeled to the G.E.R.S. account,” he explained.

“Bottom line, it’s a way to make substantial contributions over a sustained period of time and according to the actuary estimates, it will pretty much avert insolvency. It will take it off the table for the foreseeable future without any reduction of benefit,” said Mr. Bowry who explained to the other members of the Trustee that all 15 senators were on the call for the meeting and believes that the next step is for the governor to formally send the proposal to the Legislature for action.

The members were also informed that the Office of Senator Milton Potter sent correspondence about a proposed bill that focuses on the hiring of retirees. “Bill 34-071, this bill is similar to the language of a bill that I recommend on December 1. It is to do with the hiring of retirees,” said G.E.R.S. Administrator Austin Nibbs who disclosed that the correspondence was sent on December 10.

“We are looking at the bill, we do have some recommendations for the board,” he said while recalling to the trustees that the Policy Committee which was tasked with reviewing and evaluating the proposed bill had failed to meet.

“The Policy Committee of the G.E.R.S. had to discuss the bill in a policy committee meeting but that did not happen because it failed to meet due to the lack of a quorum,” he explained.

However, member Andre Dorsey described the bill as having conflict with what they are discussing for the hiring of retirees.