



ADVISOR



TEACHERS, EMPLOYEES, PUBLIC, STATE POLICE AND JUDICIAL

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SERVING OVER 300,000 MEMBERS

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The PGA & The Shoals

The 2007 “PGA Professionals’ Guide To Travel” has a three-page story including four pictures on “The Shoals.” Here is an excerpt:

The fabled “Shoals” region of North Alabama is best known for its influence on American music. “Father of the Blues” W.C. Handy was born in Florence, as was record producer Sam Phillips, the man who gave a young truck driver named Elvis Presley his musical start. This rolling area along the Tennessee River has also called music icons such as Little Richard, the Rolling Stones and Bob Dylan to record at Rick Hall’s FAME studios in Muscle Shoals, where Percy Sledge’s “When A Man Loves A Woman” was laid down.

The Shoals’ latest hit is the Marriott Shoals Resort & Spa, featuring two 8,000-yard golf courses – the Fighting Joe and the Schoolmaster. The 200-room resort is the northern-most point on the Robert Trent Jones Golf Trail that stretches down to Mobile Bay on the Gulf of Mexico. “This is really a pretty small area and it’s never had anything like this,” said PGA Head Professional Tim King.

The small area is home to two large courses. The Fighting Joe, named after Confederate General Joe Wheeler, is a links-style course with natural tall grass framing its fairways – and is the first of the RTJ Trail’s courses to break the 8,000-yard barrier. The Schoolmaster (named for President Woodrow Wilson) takes advantage of northern Alabama’s abundant trees as it, too, plays along the tuneful banks of what Native American tribes called “The Singing River.”

Riley Wants Trust Fund for Retiree Health Care

By Phillip Rawls, *The Associated Press*

Montgomery, Ala. (AP) – Gov. Bob Riley will ask the new Legislature to create a trust fund to help pay for retired public employees’ health care coverage, but his state finance director said Riley won’t ask active or retired workers to pay more for it in the first year.

“That is an issue for another day,” State Finance Director Jim Main said Tuesday.

Developing a trust fund is necessary for Alabama to get a favorable bond rating that would allow Riley to pursue a \$500 million bond issue for an education building program, Main and state Superintendent of Education Joe Morton said.

Beginning January 1, the Government Accounting Standards Board is requiring all governments to take into account the future health insurance costs of their retirees. Alabama has been paying the costs for retired state workers and public education employees on a pay-as-you-go basis and has not been saving for the health costs like it does with public employees’ pension funds.

Finance experts estimate Alabama’s cost at up to \$20 billion to pay for health insurance coverage for current retirees and future retirees over the next 30 years.

That amount would be less if Alabama invests money in a trust fund soon and lets it start earning interest. The trust fund – which would have to be approved first by the Legislature and then by Alabama voters as a constitutional amendment – would be legally protected against raids by state officials.

Main said he has discussed the trust fund idea with bond rating agencies in New York and they “have indicated they are happy with it.”

Main discussed the proposal with the Public Education Employees’ Health Insurance Board, which oversees the health insurance for active and retired education employees. The State Employees’ Insurance Board, which oversees the

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EDITORIAL: *Montgomery Advertiser*

Annual Appraisals

Now that the election is over, it is time for the state's elected officials to end the demagogic grandstanding over annual property appraisals. Despite the claims that annual appraisals were a hidden tax increase, the reality is that the move to reappraise property more often than every three or four years is the only equitable way to impose property taxes.

The best example of how well annual appraisals can work can be found in Montgomery County, which went to annual appraisals on its own a decade ago.

The result? Complaints plummeted.

State officials are now in the process of shifting all counties to an annual appraisal schedule.

The shift from reappraising property for tax purposes every three or four years to each year could result in some taxpayers seeing a modest one-time jump in their property taxes. But after the new schedule is in force, taxpayers should see much smaller increases.

That's because reappraising on a four-year cycle saw property values spike sharply upwards for most property owners. Under a one-year cycle, property owners may pay a little more each year, but they should no longer see their tax bills take huge jumps.

Before Montgomery County made the change on its own, when it was reappraising on a four-year schedule, Chief Appraiser Tommie Miller said the county would see as many as 5,000 complaints when new property valuations came out.

After the shift, Miller said those numbers dropped to no more than 200 to 250 per year.

Property in Alabama is supposed to be equalized annually so that property owners throughout the state pay taxes based on the fair market value of property. A four-year lag time in re-evaluating property can create major differences in how property owners are treated.

For instance, take similarly priced homes in neighborhoods with rapidly appreciating values and homes in neighborhoods with little appreciation or that even lose value. By the end of a four-year cycle, there would be major differences in the real values of those homes, but the homeowners would still pay the same tax.

We wonder how many of those people who are complaining about annual reappraisals would be doing so if their property were losing value, as it is in many parts of the country today? If their property value was declining, would they want to pay taxes based on its higher value four years ago?

Annual reappraisals will capture more revenue for state and local governments and public schools. But the new revenue should not mask the real reasons for annual equalization – fairness and equity.

Taxation is a burden on individuals and businesses, but that burden is made less onerous psychologically by the knowledge that similar taxpayers under similar circumstances are treated the same. Annual reappraisals make that possible.

OUR COUNTRY

By the Numbers

The United States population passed the 300 million mark this year. A look back at census data from 1915 and 1967, when the population hit 100 million and 200 million, can't reveal the whole story of elections and wars and social revolutions, but it does provide a glimpse of some of the ways U.S. life has changed.

— *Siobhan Roth*

Sources: U.S. Census Bureau; Bureau of Labor Statistics; National Geographic.

	1915	1967	2006
U.S. POPULATION	100 million	200 million	300 million
WORLD POPULATION	1.8 billion	3.5 billion	6.5 billion
FOREIGN-BORN POPULATION IN U.S.	13.5 million (largely from Germany)	9.7 million (largely from Italy)	34.3 million (largely from Mexico)
LIFE EXPECTANCY	54.5 years	70.5 years	77.8 years
PEOPLE 65 OR OLDER	4.5 million	19.1 million	36.8 million
ANNUAL EARNINGS	\$687 (\$13,284 in 2006 dollars)	Men: \$5,974 / Women: \$2,295 (\$29,589 and \$11,367 in 2006 dollars)	Men: \$34,926 Women: \$23,546
WOMEN WORKING	23%	41%	59%
HOME OWNERSHIP	45.9%	63.6%	68.9%
PRICE OF A NEW HOME	\$3,200 (\$64,158 in 2006 dollars)	\$24,600 (\$149,147 in 2006 dollars)	\$290,600
REGISTERED VEHICLES	2.5 million	98.9 million	237.2 million
A GALLON OF REGULAR GAS	\$0.25 (\$5.01 in 2006 dollars)	\$0.33 (\$2.00 in 2006 dollars)	\$3.04 (As of Aug. 7)
A GALLON OF MILK	\$0.36 (\$7.22 in 2006 dollars)	\$1.03 (\$6.24 in 2006 dollars)	\$3.00
CHILDREN PER HOUSEHOLD	1.90	1.41	.94

Our Army Faces Cash Crunch

Source: *The Wall Street Journal*

It may seem hard to believe that a country which allocated \$168 billion to the Army this year – more than twice the 2000 budget – can't cover the costs of the wars in Iraq and Afghanistan. But the two pillars of the Army, personnel and equipment – both built to wage high-tech, firepower-intensive wars – are under enormous stress:

- The cost of basic equipment that soldiers carry into battle – helmets, rifles, body armor – has more than tripled to \$25,000 from \$7,000 in 1999.

- The cost of a Humvee, with all the added armor, guns, electronic jammers and satellite-navigational systems, has grown seven-fold to about \$225,000 a vehicle from \$32,000 in 2001.

- The cost of paying and training troops has grown 60% to about \$120,000 per soldier, up from \$75,000 in 2001. On the reserve side, such costs have doubled since 2001, to about \$34,000 per soldier....”

Are You Tired of Receiving Credit Card Applications?

There is a new program offered by the Consumer Credit Reporting Industry that will stop letters offering new or additional credit cards. The “Opt Out” program will ask banks to stop sending them to you. People seeking to steal your identity often use these applications to obtain new credit cards in your name.

To “Opt Out” call 1-888-567-8688. You will need to provide them your Social Security number. There are no costs involved with the “Opt Out” program.

America's Best Bargain For Alabama Golfers

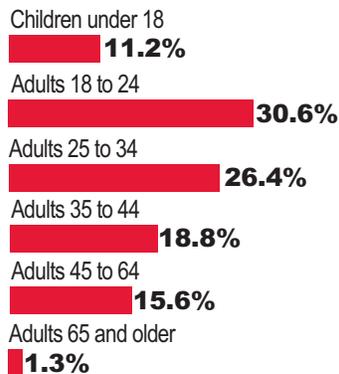
If you are a true golf nut, the **RTJ Annual Pass** is the perfect deal for you. For just \$1,300, you can play unlimited golf year-round at all the RTJ courses (excluding Ross Bridge).

The 2007 Trail Card is perfect for those who play several times a month. By saving from \$10 to \$45 every time you play (savings vary by location), the Trail Card more than pays for itself. It is our way of saying thank you to Alabama residents who have supported The Trail. You can also receive 15% off the retail price of RTJ Golf Trail merchandise, discounted range balls, plus a 10% discount off personal golf instruction from any RTJ golf professional.

With a 2007 Trail Card, you can play for these low rates for greens fees and cart:

- **\$34.95** at Cambrian Ridge and Magnolia Grove
- **\$34.95** weekdays and **\$38.95** weekends and holidays at Hampton Cove, Silver Lakes, The Shoals and Highland Oaks
- **\$39.95** at Grand National
- **\$44.95** at Oxmoor Valley and Capitol Hill
- **\$79.95** at Ross Bridge

America's uninsured



45.3 million

TOTAL NUMBER OF UNINSURED IN U.S.

Source: U.S. Census Bureau, 2005

A BIRMINGHAM NEWSCHART

Riley Wants Trust Fund

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health insurance for active and retired state employees, has discussed the same thing.

Both boards have a surplus in their reserve funds – \$190 million for the educators and \$50 million for the state employees – due to the effect of cost-saving measures taken over the last two years. Still to be decided is whether to begin the trust fund with all or part of that extra reserve money, or to use that extra money now to cover current health insurance costs.

The more money the state puts into a trust fund now, then the less that will have to be put in later on, said Marc Reynolds, who directs the educators' health insurance program.

Discussions about how to fund the trust fund have not progressed beyond the extra money. “It's premature to do any long-term funding until we get a trust fund in place to protect it,” Main said.



ERS Board Members Sworn In

ERS Vice Chairman, Mr. John Wilkerson, administers the Oath of Office to Mr. Ronald Matthews, Ms. Mary Lou Foster, and Mr. Steve Walkley.



TRS Board Members Sworn In

Dr. Paul Hubbert, Chairman of the TRS Board, administers the Oath of Office to Dr. Carl Ponder, Mrs. Sharon Saxon and Ms. Judy Rigdon.

Where the Rich Are Richer

Wealth distribution in a selection of North American, European and Asian countries.

The wealthiest 10 percent in . . . owns this share of the assets

Switzerland	71.3%	
United States	69.8	
Indonesia	65.4	
Canada	53.0	
India	52.9	
Norway	50.5	
South Korea	43.1	
Spain	41.9	
China	41.4	
Japan	39.3	

Source: World Institute for Development Economics Research

TRS Board Elections Congratulations!

TRS Members Elect Mrs. Teresa Harbison and Mr. Robert Smith and Re-Elect Dr. Susan Brown and Mrs. Judy Bell

Mrs. Teresa L. Harbison of Gadsden has been elected to the Teacher Position No. 1 and Mr. Robert Wayne Smith of Gurley has been elected to the Support Personnel Position No. 1 on the TRS Board of Control.

Mrs. Judy West Bell has been re-elected to the Teacher Position No. 2 and Dr. Susan Williams has been re-elected to Postsecondary Position with the TRS Board of Control.

Mrs. Harbison, Mr. Smith, Dr. Brown and Mrs. Bell will begin three-year terms on July 1, 2007.

Runoff Election to Decide Retiree Position No. 1

A runoff election will be held for the Retiree Position No. 1 between Mrs. Sarah Swindle, the incumbent and vice-chair, and Dr. Gerald Waldrop. Voting for this election will begin January 5, 2007, and will continue through February 9, 2007.

**Make your vote count!
Your participation will ensure
a fiscally sound retirement
system for the future.**



**The
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David G. Bronner

Deputy
Marc Reynolds

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Communications
Michael E. Pegus

Chief Accountant & Financial Officer
Norman D. Turnipseed

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Judy P. Guy

Information Technology Services
Peggi Douglass

Investments
Marc Green

Legal
William T. Stephens
William F. Kelley, Jr.

Legislative Counsel
Lindy J. Beale

RSA-1
Teresa Pettus

Teachers' Health Insurance
Lee Hayes

Teachers' Retirement
Donald L. Yancey

The Retirement Systems of Alabama
135 South Union Street
P.O. Box 302150

Montgomery, Alabama 36130-2150
Phone: 334/832-4140
1-800-214-2158

RSA Web site:
<http://www.rsa.state.al.us>



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Report — Weedy Lots — to the Mayor!**