

By: Representative Guice

To: Appropriations

HOUSE BILL NO. 42

1 AN ACT TO AMEND SECTION 25-11-123, MISSISSIPPI CODE OF 1972,
2 TO AUTHORIZE MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM TO
3 ELECT TO INCREASE THEIR EMPLOYEE'S CONTRIBUTION RATE TO AN AMOUNT
4 NOT EXCEEDING 25% OF THE EMPLOYEE'S EARNED COMPENSATION, SUBJECT
5 TO CERTAIN LIMITATIONS; TO AMEND SECTION 25-11-111, MISSISSIPPI
6 CODE OF 1972, TO PROVIDE THAT THE AMOUNT OF THE ANNUAL RETIREMENT
7 ALLOWANCE OF ANY MEMBER WHO ELECTED TO INCREASE HIS OR HER
8 EMPLOYEE'S CONTRIBUTION RATE SHALL BE INCREASED BY THE SAME
9 PERCENTAGE TO WHICH THE EMPLOYEE'S CONTRIBUTION RATE WAS
10 INCREASED, IF THE INCREASED CONTRIBUTION RATE WAS IN EFFECT FOR AT
11 LEAST FOUR YEARS BEFORE THE MEMBER'S RETIREMENT; AND FOR RELATED
12 PURPOSES.

13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

14 SECTION 1. Section 25-11-123, Mississippi Code of 1972, is
15 amended as follows:

16 25-11-123. All of the assets of the system shall be credited
17 according to the purpose for which they are held to one (1) of
18 four (4) reserves; namely, the annuity savings account, the
19 annuity reserve, the employer's accumulation account, and the
20 expense account.

21 (a) Annuity savings account. In the annuity savings account
22 shall be accumulated the contributions made by members to provide
23 for their annuities, including interest thereon which shall be
24 posted monthly. Credits to and charges against the annuity
25 savings account shall be made as follows:

26 (1) Beginning July 1, 1991, the employer shall cause to
27 be deducted from the salary of each member on each and every
28 payroll of such employer for each and every payroll period seven
29 and one-fourth percent (7-1/4%) of earned compensation as defined
30 in Section 25-11-103. Future contributions shall be fixed
31 biennially by the board on the basis of the liabilities of the

32 retirement system for the various allowances and benefits as shown
33 by actuarial valuation; provided, however, that any member earning
34 at a rate less than Sixteen Dollars and Sixty-seven Cents (\$16.67)
35 per month, or Two Hundred Dollars (\$200.00) per year, shall
36 contribute not less than One Dollar (\$1.00) per month, or Twelve
37 Dollars (\$12.00) per year.

38 (2) The deductions provided herein shall be made
39 notwithstanding that the minimum compensation provided by law for
40 any member shall be reduced thereby. Every member shall be deemed
41 to consent and agree to the deductions made and provided for
42 herein and shall receipt for his full salary or compensation, and
43 payment of salary or compensation less said deduction shall be a
44 full and complete discharge and acquittance of all claims and
45 demands whatsoever for the services rendered by such person during
46 the period covered by such payment, except as to the benefits
47 provided under Articles 1 and 3. The board shall provide by rules
48 for the methods of collection of contributions from members and
49 the employer. The board shall have full authority to require the
50 production of evidence necessary to verify the correctness of
51 amounts contributed.

52 (3) (i) From July 1, 1999, through June 30, 2000,
53 subject to the limitation in subparagraph (ii) of this paragraph,
54 any member may elect to increase his or her employee's
55 contribution rate from the rate specified under paragraph (1) to a
56 rate not exceeding twenty-five percent (25%) of the employee's
57 earned compensation. Any member wishing to increase his or her
58 employee's contribution rate shall request the increase in writing
59 to the office of the board of trustees, and shall specify the
60 amount of the increased contribution rate to be used for the
61 member. After a member has elected to increase his or her
62 employee's contribution rate under this paragraph, the
63 contribution rate may not be lowered again for as long as the
64 person is a member of the retirement system.

65 (ii) The total amount of additional contributions
66 that a member may make in any one (1) year from the increased
67 employee's contribution rate under this paragraph, when combined
68 with the total amount of contributions that the member makes to

69 all other tax-deferred retirement plans during the same year,
70 shall not exceed twenty-five percent (25%) of the member's annual
71 compensation, as provided under Section 415 of the Internal
72 Revenue Code. It is the duty of each member who has increased his
73 or her employee's contribution rate under this paragraph to report
74 to the retirement system the amount of contributions that the
75 member makes to all other tax-deferred retirement plans, in the
76 manner and at the time prescribed by the board of trustees.

77 (iii) The additional contributions that are made
78 from the increased employee's contribution rate under this
79 paragraph shall become a part of the member's contributions. The
80 accumulated contributions of a member that are withdrawn by him,
81 or paid to his estate or to his designated beneficiary in event of
82 his death as provided in this article, shall be charged to the
83 annuity savings account. Upon the retirement of a member, his
84 accumulated contributions shall be transferred from the annuity
85 savings account to the annuity reserve.

86 (b) Annuity reserve. The annuity reserve shall be the
87 account representing the actuarial value of all annuities in
88 force, and to it shall be charged all annuities and all benefits
89 in lieu of annuities, payable as provided in this article. If a
90 beneficiary retired on account of disability is restored to active
91 service with a compensation not less than his average final
92 compensation at the time of his last retirement, the remainder of
93 his contributions shall be transferred from the annuity reserve to
94 the annuity savings account and credited to his individual account
95 therein, and the balance of his annuity reserve shall be
96 transferred to the employer's accumulation account.

97 (c) Employer's accumulation account. The employer's
98 accumulation account shall represent the accumulation of all
99 reserves for the payment of all retirement allowances and other
100 benefits payable from contributions made by the employer, and
101 against this account shall be charged all retirement allowances

102 and other benefits on account of members. Credits to and charges
103 against the employer's accumulation account shall be made as
104 follows:

105 (1) On account of each member there shall be paid
106 monthly into the employer's accumulation account by the employers
107 for the preceding fiscal year an amount equal to a certain
108 percentage of the total earned compensation, as defined in Section
109 25-11-103, of each member. The percentage rate of such
110 contributions shall be fixed biennially by the board on the basis
111 of the liabilities of the retirement system for the various
112 allowances and benefits as shown by actuarial valuation. Beginning
113 January 1, 1990, the rate shall be fixed at nine and three-fourths
114 percent (9-3/4%). Political subdivisions joining Article 3 of the
115 Public Employees' Retirement System after July 1, 1968, may adjust
116 the employer's contributions by agreement with the Board of
117 Trustees of the Public Employees' Retirement System to provide
118 service credits for any period prior to execution of the agreement
119 based upon an actuarial determination of employer's contribution
120 rates.

121 (2) On the basis of regular interest and of such
122 mortality and other tables as shall be adopted by the board of
123 trustees, the actuary engaged by the board to make each valuation
124 required by this article during the period over which the accrued
125 liability contribution is payable, immediately after making such
126 valuation, shall determine the uniform and constant percentage of
127 the earnable compensation of each member which, if contributed by
128 the employer on the basis of compensation of such member
129 throughout his entire period of membership service, would be
130 sufficient to provide for the payment of any retirement allowance
131 payable on his account for such service. The percentage rate so
132 determined shall be known as the "normal contribution rate."
133 After the accrued liability contribution has ceased to be payable,
134 the normal contribution rate shall be the percentage rate of the

135 salary of all members obtained by deducting from the total
136 liabilities on account of membership service the amount in the
137 employer's accumulation account, and dividing the remainder by one
138 percent (1%) of the present value of the prospective future
139 salaries of all members as computed on the basis of the mortality
140 and service tables adopted by the board of trustees and regular
141 interest. The normal rate of contributions shall be determined by
142 the actuary after each valuation.

143 (3) The total amount payable in each year to the
144 employer's accumulation account shall not be less than the sum of
145 the percentage rate known as the "normal contribution" rate and
146 the "accrued liability contribution" rate of the total
147 compensation earnable by all members during the preceding year,
148 provided that the payment by the employer shall be sufficient,
149 when combined with the amounts in the account, to provide the
150 allowances and other benefits chargeable to this account during
151 the year then current.

152 (4) The accrued liability contribution shall be
153 discontinued as soon as the accumulated balance in the employer's
154 accumulation account shall equal the present value, computed on
155 the basis of the normal contribution rate then in force, or the
156 prospective normal contributions to be received on account of all
157 persons who are at that time members.

158 (5) All allowances and benefits in lieu thereof, with
159 the exception of those payable on account of members who receive
160 no prior service credit, payable from contributions of the
161 employer, shall be paid from the employer's accumulation account.

162 (6) Upon the retirement of a member, an amount equal to
163 his retirement allowance shall be transferred from the employer's
164 accumulation account to the annuity reserve.

165 (d) Expense account. The expense account shall be the
166 account to which the expenses of the administration of the system
167 shall be charged, exclusive of amounts payable as retirement

168 allowances and as other benefits provided herein. The Legislature
169 shall make annual appropriations in amounts sufficient to
170 administer the system, which shall be credited to this account.
171 There shall be transferred to the State Treasury from this
172 account, not less than once per month, an amount sufficient for
173 payment of the estimated expenses of the system for the succeeding
174 thirty (30) days. Any interest earned on the expense account
175 shall accrue to the benefit of the system. Provided, however,
176 that notwithstanding the provisions of Sections 25-11-15(10) and
177 25-11-105(f)(5)e, all expenses of the administration of the system
178 shall be paid from the interest earnings, provided the interest
179 earnings are in excess of the actuarial interest assumption as
180 determined by the board, and provided the present cost of the
181 administrative expense fee of two percent (2%) of the
182 contributions reported by the political subdivisions and
183 instrumentalities shall be reduced to one percent (1%) from and
184 after July 1, 1983, through June 30, 1984, and shall be eliminated
185 thereafter.

186 (e) Collection of contributions. The employer shall cause
187 to be deducted on each and every payroll of a member for each and
188 every payroll period, beginning subsequent to January 31, 1953,
189 the contributions payable by such member as provided in Articles 1
190 and 3.

191 The employer shall make deductions from salaries of employees
192 as provided in Articles 1 and 3 and shall transmit monthly, or at
193 such time as the board of trustees shall designate, the amount
194 specified to be deducted to the Executive Director of the Public
195 Employees' Retirement System. The executive director, after
196 making a record of all such receipts, shall deposit such amounts
197 as provided by law.

198 (f) Upon the basis of each actuarial valuation provided
199 herein, the board of trustees shall biennially determine the
200 normal contribution rate and the accrued liability contribution

201 rate as provided in this section. The sum of these two (2) rates
202 shall be known as the "employer's contribution rate." Beginning
203 on earned compensation effective January 1, 1990, the rate
204 computed as provided in this section shall be nine and
205 three-fourths percent (9-3/4%). The percentage rate of such
206 contributions shall be fixed biennially by the board on the basis
207 of the liabilities of the retirement system for the various
208 allowances and benefits as shown by actuarial valuation.
209 Notwithstanding any other provision of law, the county board of
210 education, the governing authorities of separate, consolidated, or
211 municipal school districts, and all other such boards set up by
212 law which handle and disburse school funds, shall pay from local
213 tax sources one and one-half percent (1-1/2%) of the total
214 employer's contribution rate of nine and three-fourths percent
215 (9-3/4%).

216 The amount payable by the employer on account of normal and
217 accrued liability contributions shall be determined by applying
218 the employer's contribution rate to the amount of compensation
219 earned by employees who are members of the system. Monthly, or at
220 such time as the board of trustees shall designate, each
221 department or agency shall compute the amount of the employer's
222 contribution payable, with respect to the salaries of its
223 employees who are members of the system, and shall cause said
224 amount to be paid to the board of trustees from the personal
225 service allotment of the amount appropriated for the operation of
226 the department or agency, or from funds otherwise available to the
227 agency, for the payment of salaries to its employees.

228 Once each year, under procedures established by the system,
229 each employer shall submit to the Public Employees' Retirement
230 System a copy of their report to Social Security of all employees'
231 earnings.

232 The board shall provide by rules for the methods of
233 collection of contributions of employers and members. The amounts

234 determined due by an agency to the various funds as specified in
235 Articles 1 and 3 are made obligations of the agency to the board
236 and shall be paid as provided herein. From and after July 1,
237 1996, under rules and regulations established by the board, all
238 employers are authorized and shall transfer all funds due to the
239 Public Employees' Retirement System electronically and shall
240 transmit any wage or other reports by computerized reporting
241 systems.

242 SECTION 2. Section 25-11-111, Mississippi Code of 1972, is
243 amended as follows:

244 25-11-111. (a) Any member upon withdrawal from service upon
245 or after attainment of the age of sixty (60) years who shall have
246 completed at least four (4) years of creditable service, or any
247 member upon withdrawal from service regardless of age who shall
248 have completed at least twenty-five (25) years of creditable
249 service, shall be entitled to receive a retirement allowance which
250 shall begin on the first of the month following the date the
251 member's application for the said allowance is received by the
252 board, but in no event before withdrawal from service.

253 (b) Any member whose withdrawal from service occurs prior to
254 attaining the age of sixty (60) years who shall have completed
255 four (4) or more years of creditable service and shall not have
256 received a refund of his accumulated contributions shall be
257 entitled to receive a retirement allowance, beginning upon his
258 attaining the age of sixty (60) years, of the amount earned and
259 accrued at the date of withdrawal from service.

260 (c) Any member in service who has qualified for retirement
261 benefits may select any optional method of settlement of
262 retirement benefits by notifying the Executive Director of the
263 Board of Trustees of the Public Employees' Retirement System in
264 writing, on a form prescribed by the board, of the option he has
265 selected and by naming the beneficiary of such option and
266 furnishing necessary proof of age. Such option, once selected,

267 may be changed at any time prior to actual retirement or death,
268 but upon the death or retirement of the member, the optional
269 settlement shall be placed in effect upon proper notification to
270 the executive director.

271 (d) The annual amount of the retirement allowance shall
272 consist of:

273 (1) A member's annuity which shall be the actuarial
274 equivalent of the accumulated contributions of the member at the
275 time of retirement computed according to the actuarial table in
276 use by the system; and

277 (2) An employer's annuity which, together with the
278 member's annuity provided above, shall be equal to one and
279 seven-eighths percent (1-7/8%) of the average compensation for
280 each year of state service up to and including twenty-five (25)
281 years of membership service, and two percent (2%) of the average
282 compensation for each year of state service in excess of
283 twenty-five (25) years of membership service.

284 (3) A prior service annuity equal to one and
285 seven-eighths percent (1-7/8%) of the average compensation for
286 each year of state service up to and including twenty-five (25)
287 years of prior service, and two percent (2%) of the average
288 compensation for each year of state service in excess of
289 twenty-five (25) years of prior service for which the member is
290 allowed credit.

291 (4) Any retired member or beneficiary thereof who was
292 eligible to receive a retirement allowance before July 1, 1991,
293 and who is still receiving a retirement allowance on July 1, 1992,
294 shall receive an increase in the annual retirement allowance of
295 the retired member equal to one-eighth of one percent (1/8 of 1%)
296 of the average compensation for each year of state service in
297 excess of twenty-five (25) years of membership service up to and
298 including thirty (30) years. The maximum increase shall be
299 five-eighths of one percent (5/8 of 1%). In no case shall a

300 member who has been retired prior to July 1, 1987, receive less
301 than Ten Dollars (\$10.00) per month for each year of creditable
302 service and proportionately for each quarter year thereof. Persons
303 retired on or after July 1, 1987, shall receive at least Ten
304 Dollars (\$10.00) per month for each year of service and
305 proportionately for each quarter year thereof reduced for the
306 option selected. However, such Ten Dollar (\$10.00) minimum per
307 month for each year of creditable service shall not apply to a
308 retirement allowance computed under Section 25-11-114 based on a
309 percentage of the member's average compensation.

310 (5) Any member upon withdrawal from service upon or
311 after attaining the age of sixty (60) years who has completed at
312 least four (4) years of creditable service, or any member upon
313 withdrawal from service regardless of age who has completed at
314 least twenty-five (25) years of creditable service, shall be
315 entitled to receive a retirement allowance computed in accordance
316 with the formula set forth in this section. Such retirement
317 allowance otherwise payable may be converted into a retirement
318 allowance of equivalent actuarial value in such an amount that,
319 with the member's benefit under Title II of the Federal Social
320 Security Act, the member will receive, so far as possible,
321 approximately the same amount annually before and after the
322 earliest age at which the member becomes eligible to receive a
323 Social Security benefit.

324 (e) If any member elected to increase his or her employee's
325 contribution rate under Section 25-11-123(3), and the increased
326 contribution rate was in effect for at least four (4) years before
327 the member's retirement, the member shall have the amount of his
328 or her annual retirement allowance that is calculated under
329 subsection (d) of this section increased by the same percentage to
330 which the employee's contribution rate was increased under Section
331 25-11-123(3).

332 (f) No member, except members excluded by the Age

333 Discrimination in Employment Act Amendments of 1986 (Public Law
334 99-592), under either Article 1 or Article 3 in state service
335 shall be required to retire because of age.

336 (g) No payment on account of any benefit granted under the
337 provisions of this section shall become effective or begin to
338 accrue until January 1, 1953.

339 (h) (1) A retiree or beneficiary may, on a form prescribed
340 by and filed with the retirement system, waive all or a portion of
341 any benefits from the retirement system to which the retiree or
342 beneficiary is entitled. A retiree or beneficiary may revoke a
343 waiver of benefits in the same manner as the original waiver was
344 made. Such waiver shall be binding on the heirs and assigns of
345 any retiree or beneficiary and the same must agree to forever hold
346 harmless the Public Employees' Retirement System of Mississippi
347 from any claim to such waived retirement benefits.

348 (2) Any waiver pursuant to this subsection shall apply
349 only to the person executing the waiver and any beneficiary shall
350 be entitled to benefits according to the option selected by the
351 member at the time of retirement. However, a beneficiary may, at
352 the option of the beneficiary, execute a waiver of benefits
353 pursuant to this subsection.

354 (3) The retirement system shall retain in the annuity
355 reserve account amounts that are not used to pay benefits because
356 of a waiver executed under this subsection.

357 (4) The board of trustees may provide rules and
358 regulations for the administration of waivers under this
359 subsection.

360 SECTION 3. This act shall take effect and be in force from
361 and after July 1, 1999.