

By: Representatives Perry, Gadd

To: Appropriations

HOUSE BILL NO. 472
(As Sent to Governor)

1 AN ACT TO AMEND SECTION 25-11-111, MISSISSIPPI CODE OF 1972,
2 TO INCREASE THE PERCENTAGE THAT IS USED TO CALCULATE RETIREMENT
3 BENEFITS FOR MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
4 WITH SERVICE EXCEEDING 25 YEARS; TO REQUIRE THE BOARD OF TRUSTEES
5 OF THE RETIREMENT SYSTEM TO USE THAT INCREASED PERCENTAGE TO
6 RECALCULATE THE BENEFITS OF RETIRED MEMBERS AND THEIR
7 BENEFICIARIES; TO PROVIDE THAT BEGINNING ON JULY 1, 2000, THE
8 BOARD OF TRUSTEES OF THE RETIREMENT SYSTEM SHALL IMPLEMENT CHANGES
9 IN THE COMPUTATION OF THE AMOUNT OF THE ANNUAL RETIREMENT
10 ALLOWANCE IN SEVEN PHASES; TO PROVIDE THAT THE RETIREMENT
11 ALLOWANCE COMPUTATION PERCENTAGE FOR YEARS OF SERVICE UNDER 25
12 YEARS SHALL BE INCREASED TO TWO PERCENT FOR AN ADDITIONAL FIVE
13 YEARS OF STATE SERVICE IN EACH OF THE FIRST FIVE PHASES; TO
14 PROVIDE THAT THE RETIREMENT ALLOWANCE COMPUTATION PERCENTAGES FOR
15 YEARS OF SERVICE ABOVE 25 YEARS SHALL BE INCREASED DURING THE
16 SIXTH AND SEVENTH PHASES; TO PROVIDE THAT THE BOARD OF TRUSTEES
17 SHALL IMPLEMENT THE PHASES SYSTEMATICALLY UPON JULY 1 AFTER THE
18 BOARD'S ACTUARY CERTIFIES THAT IMPLEMENTATION OF A PHASE WILL NOT
19 CAUSE THE UNFUNDED ACCRUED ACTUARIAL LIABILITY AMORTIZATION PERIOD
20 FOR THE RETIREMENT SYSTEM TO EXCEED 22 YEARS; TO PROVIDE THAT THE
21 BOARD OF TRUSTEES SHALL HAVE THE EXCLUSIVE AUTHORITY TO SET THE
22 ASSUMPTIONS THAT ARE USED IN THE ACTUARIAL EVALUATION; TO PROVIDE
23 THAT THE BOARD OF TRUSTEES SHALL RECALCULATE THE RETIREMENT
24 ALLOWANCE OF ANY RETIRED MEMBER OR BENEFICIARY OF SUCH A MEMBER AS
25 EACH PHASE IS IMPLEMENTED; TO AMEND SECTION 25-11-112, MISSISSIPPI
26 CODE OF 1972, TO REVISE THE CALCULATION OF THE ADDITIONAL ANNUAL
27 BENEFIT FOR MEMBERS AND BENEFICIARIES OF THE PUBLIC EMPLOYEES'
28 RETIREMENT SYSTEM; TO PROVIDE THAT THE ADDITIONAL BENEFIT SHALL BE
29 THE GREATER OF 4% OF THE RETIREMENT ALLOWANCE TIMES THE NUMBER OF
30 FISCAL YEARS IN RETIREMENT THROUGH JUNE 30, 1998, OR THE SUM OF 3%
31 OF THE RETIREMENT ALLOWANCE TIMES THE NUMBER OF FISCAL YEARS IN
32 RETIREMENT BEFORE THE MEMBER REACHES AGE 55 PLUS 3% COMPOUNDED BY
33 THE NUMBER OF FISCAL YEARS IN RETIREMENT BEGINNING WITH THE YEAR
34 IN WHICH THE MEMBER REACHES AGE 55 TIMES THE RETIREMENT ALLOWANCE;
35 TO PROVIDE THAT THE ADDITIONAL BENEFIT SHALL BE PAID IN ONE
36 PAYMENT IN DECEMBER OF EACH YEAR TO THOSE PERSONS WHO ARE
37 RECEIVING A RETIREMENT ALLOWANCE ON DECEMBER 1 OF THAT YEAR,
38 UNLESS AN IRREVOCABLE ELECTION IS MADE TO HAVE THE BENEFIT PAID IN
39 12 EQUAL MONTHLY INSTALLMENTS; TO ALLOW MEMBERS AND BENEFICIARIES
40 WHO ARE CURRENTLY RECEIVING THE ADDITIONAL ANNUAL PAYMENT IN
41 MONTHLY INSTALLMENTS TO ELECT TO RECEIVE THE ADDITIONAL BENEFIT
42 PROVIDED FOR UNDER THIS ACT IN ONE ADDITIONAL PAYMENT EACH YEAR;
43 TO PROVIDE THAT IF A PERSON WHO IS RECEIVING A RETIREMENT
44 ALLOWANCE THAT WILL TERMINATE UPON HIS DEATH IS RECEIVING THE
45 ADDITIONAL BENEFIT IN ONE PAYMENT AND DIES ON OR AFTER JULY 1 BUT
46 BEFORE DECEMBER 1, THE BENEFICIARY OR ESTATE OF THE PERSON SHALL
47 RECEIVE A FRACTIONAL PART OF THE ADDITIONAL BENEFIT BASED ON THE
48 NUMBER OF MONTHS IN WHICH A RETIREMENT ALLOWANCE WAS RECEIVED
49 DURING THE FISCAL YEAR; AND FOR RELATED PURPOSES.

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

SECTION 1. Section 25-11-111, Mississippi Code of 1972, is amended as follows:

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

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

(c) Any member in service who has qualified for retirement benefits may select any optional method of settlement of retirement benefits by notifying the Executive Director of the Board of Trustees of the Public Employees' Retirement System in writing, on a form prescribed by the board, of the option he has selected and by naming the beneficiary of such option and furnishing necessary proof of age. Such option, once selected, may be changed at any time prior to actual retirement or death, but upon the death or retirement of the member, the optional settlement shall be placed in effect upon proper notification to the executive director.

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

(1) A member's annuity which shall be the actuarial equivalent of the accumulated contributions of the member at the time of retirement computed according to the actuarial table in

85 use by the system; and

86 (2) An employer's annuity which, together with the
87 member's annuity provided above, shall be equal to one and
88 seven-eighths percent (1-7/8%) of the average compensation for
89 each year of state service up to and including twenty-five (25)
90 years of membership service, and two and one-fourth percent
91 (2-1/4%) of the average compensation for each year of state
92 service exceeding twenty-five (25) years of membership service.
93 However, after the board of trustees has begun implementing the
94 changes in the computation of the retirement allowance as provided
95 in subsection (e), the employer's annuity shall be equal to:

96 (i) One and seven-eighths percent (1-7/8%) of the
97 average compensation for each year of membership service up to and
98 including the number of years specified in Column A of the table
99 in subsection (e) for the latest phase that has been implemented,
100 and

101 (ii) Two percent (2%) of the average compensation
102 for each year of membership service exceeding the number of years
103 specified in Column A of the table in subsection (e) for the
104 latest phase that has been implemented up to and including
105 twenty-five (25) years, and

106 (iii) The percentage of the average compensation
107 specified in Column B of the table in subsection (e) for the
108 latest phase that has been implemented for each year of membership
109 service exceeding twenty-five (25) years.

110 (3) A prior service annuity equal to one and
111 seven-eighths percent (1-7/8%) of the average compensation for
112 each year of state service up to and including twenty-five (25)
113 years of prior service, and two and one-four percent (2-1/4%) of
114 the average compensation for each year of state service exceeding
115 twenty-five (25) years of prior service for which the member is
116 allowed credit. However, after the board of trustees has begun
117 implementing the changes in the computation of the retirement
118 allowance as provided in subsection (e), the prior service annuity

shall be equal to:

(i) One and seven-eighths percent (1-7/8%) of the average compensation for each year of prior service up to and including the number of years specified in Column A of the table in subsection (e) for the latest phase that has been implemented, and

(ii) Two percent (2%) of the average compensation for each year of prior service exceeding the number of years specified in Column A of the table in subsection (e) for the latest phase that has been implemented up to and including twenty-five (25) years, and

(iii) The percentage of the average compensation specified in Column B of the table in subsection (e) for the latest phase that has been implemented for each year of prior service exceeding twenty-five (25) years.

(4) Any retired member or beneficiary thereof who was eligible to receive a retirement allowance before July 1, 1991, and who is still receiving a retirement allowance on July 1, 1992, shall receive an increase in the annual retirement allowance of the retired member equal to one-eighth of one percent (1/8 of 1%) of the average compensation for each year of state service in excess of twenty-five (25) years of membership service up to and including thirty (30) years. The maximum increase shall be five-eighths of one percent (5/8 of 1%). In no case shall a member who has been retired prior to July 1, 1987, receive less than Ten Dollars (\$10.00) per month for each year of creditable service and proportionately for each quarter year thereof. Persons retired on or after July 1, 1987, shall receive at least Ten Dollars (\$10.00) per month for each year of service and proportionately for each quarter year thereof reduced for the option selected. However, such Ten Dollars (\$10.00) minimum per month for each year of creditable service shall not apply to a retirement allowance computed under Section 25-11-114 based on a percentage of the member's average compensation.

153 (5) The board shall recalculate the retirement
154 allowance of any member or the beneficiary of such a member, if
155 the member or beneficiary is eligible to receive a retirement
156 allowance before July 1, 1999, by using the criteria in paragraphs
157 (2) and (3) of this subsection (d) that provides for two and
158 one-fourth percent (2-1/4%) of the average compensation for each
159 year of service exceeding twenty-five (25) years.

160 (6) Any member upon withdrawal from service upon or
161 after attaining the age of sixty (60) years who has completed at
162 least four (4) years of creditable service, or any member upon
163 withdrawal from service regardless of age who has completed at
164 least twenty-five (25) years of creditable service, shall be
165 entitled to receive a retirement allowance computed in accordance
166 with the formula set forth in this section. Such retirement
167 allowance otherwise payable may be converted into a retirement
168 allowance of equivalent actuarial value in such an amount that,
169 with the member's benefit under Title II of the federal Social
170 Security Act, the member will receive, so far as possible,
171 approximately the same amount annually before and after the
172 earliest age at which the member becomes eligible to receive a
173 Social Security benefit.

174 (e) Beginning on July 1, 2000, the board of trustees shall
175 implement changes in the computation of the amount of the annual
176 retirement allowance, which changes shall be implemented in phases
177 as set forth in the table in this subsection. The board of
178 trustees shall implement the phases systematically upon July 1
179 after the board's actuary certifies that implementation of a phase
180 will not cause the unfunded accrued actuarial liability
181 amortization period for the retirement system to exceed twenty-two
182 (22) years. The board of trustees shall have the exclusive
183 authority to set the assumptions that are used in the actuarial
184 evaluation in accordance with Section 25-11-119(9). The board of
185 trustees shall recalculate the retirement allowance of any retired
186 member or beneficiary of such a member as each phase is

implemented.

RETIREMENT ALLOWANCE COMPUTATION

IMPLEMENTATION TABLE

	(A)	(B)
PHASE	2% FOR YEARS	PERCENTAGE
	ABOVE THIS	FOR YEARS
	NUMBER AND	ABOVE 25
	<25 YEARS	YEARS
Phase 1	20 years	2.250%
Phase 2	15 years	2.250%
Phase 3	10 years	2.250%
Phase 4	5 years	2.250%
Phase 5	0 years	2.250%
Phase 6	0 years	2.375%
Phase 7	0 years	2.500%

Column A shows the years to which two percent (2%) is applicable in computing the retirement allowance, which are all the years of service exceeding the number specified in Column A for the phase that has been implemented up to and including twenty-five (25) years.

Column B shows the percentage that is applicable to the number of years of service exceeding twenty-five (25) years in computing the retirement allowance.

(f) No member, except members excluded by the Age Discrimination in Employment Act Amendments of 1986 (Public Law 99-592), under either Article 1 or Article 3 in state service shall be required to retire because of age.

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

(h) (1) A retiree or beneficiary may, on a form prescribed by and filed with the retirement system, waive all or a portion of any benefits from the retirement system to which the retiree or

beneficiary is entitled. A retiree or beneficiary may revoke a waiver of benefits in the same manner as the original waiver was made. Such waiver shall be binding on the heirs and assigns of any retiree or beneficiary and the same must agree to forever hold harmless the Public Employees' Retirement System of Mississippi from any claim to such waived retirement benefits.

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

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

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

SECTION 2. Section 25-11-112, Mississippi Code of 1972, is amended as follows:

25-11-112. (1) Any member who is receiving a retirement allowance for service or disability retirement, or any beneficiary thereof, who has received a monthly benefit for at least one (1) full fiscal year, shall be eligible to receive an additional benefit, on December 1 or July 1 of the year as provided in subsection (3) of this section, equal to the greater of the amounts calculated under paragraph (a) or (b) below:

(a) An amount equal to four percent (4%) of the annual retirement allowance multiplied by the number of full fiscal years in retirement through June 30, 1998; or

(b) The sum of:

(i) An amount equal to three percent (3%) of the annual retirement allowance multiplied by the number of full fiscal years in retirement before the end of the fiscal year in

which the member reaches age fifty-five (55), plus

(ii) An additional amount equal to three percent (3%) compounded by the number of full fiscal years in retirement beginning with the fiscal year in which the member reaches age fifty-five (55), multiplied by the amount of the annual retirement allowance.

(2) The calculation of the beneficiary's additional benefit under subsection (1)(b)(i) or (1)(b)(ii) of this section shall be based on the member's age and full fiscal years in retirement as if the member had lived.

* * *

(3) The additional benefit provided for under this section shall be paid in one (1) payment in December of each year to those persons who are receiving a retirement allowance on December 1 of that year, unless an election is made under this subsection. However, if a person who is receiving a retirement allowance that will terminate upon the person's death is receiving the additional benefit in one (1) payment and dies on or after July 1 but before December 1, the beneficiary or estate of the person shall receive in a single payment a fractional part of the additional benefit based on the number of months in which a retirement allowance was received during the fiscal year. Retired members or beneficiaries thereof who on July 1, 1999, or July 1 of any fiscal year thereafter, are receiving a retirement allowance, may elect by an irrevocable agreement in writing filed in the office of the Public Employees' Retirement System no less than thirty (30) days before July 1 of the appropriate year, to begin receiving the additional benefit provided for under this section in twelve (12) equal monthly installments beginning July 1, 1999, or July 1 of any fiscal year thereafter. This irrevocable agreement shall be binding on the member and subsequent beneficiaries. * * * Payment of those monthly installments shall not extend beyond the month in which a retirement allowance is due and payable. * * *

(4) The additional payment or payments provided for under

289 this section are for the fiscal year in which they are paid.

290 (5) The amount provided for under subsection (1)(b)(ii) of
291 this section is calculated using the following formula:

292 $[(1.03)^n - 1] \times [\text{annual retirement allowance}]$,

293 where n is the number of full fiscal years in retirement beginning
294 with the fiscal year in which the member reaches age fifty-five
295 (55).

296 (6) Any retired member or beneficiary thereof who has
297 previously elected to receive the additional annual payment in
298 monthly installments may elect, upon application on a form
299 prescribed by the board of trustees, to have that payment made in
300 one (1) additional payment each year. This written election must
301 be filed in the office of the Public Employees' Retirement System
302 before June 1, 2000, and shall be effective for the fiscal year
303 beginning July 1, 2000.

304 (7) In the event of death of a retired member or a
305 beneficiary thereof who is receiving the additional annual payment
306 in two (2) to six (6) monthly installments pursuant to an election
307 made before July 1, 1999, and who would otherwise be eligible to
308 receive the additional benefit provided for under this section in
309 one (1) payment in December of the current fiscal year, any
310 remaining amounts shall be paid in a lump sum to the designated
311 beneficiary.

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