

By: Representative McInnis

To: Appropriations

HOUSE BILL NO. 593

1 AN ACT TO AMEND SECTION 25-11-111, MISSISSIPPI CODE OF 1972,
2 TO PROVIDE THAT FOR ANY MEMBER OF THE PUBLIC EMPLOYEES' RETIREMENT
3 SYSTEM WHO RETIRES AFTER JULY 1, 1999, THE AMOUNT OF THE MEMBER'S
4 RETIREMENT ALLOWANCE FOR THE FIRST YEAR AFTER RETIREMENT SHALL BE
5 EQUAL TO TWO PERCENT OF THE TOTAL AMOUNT IN THE MEMBER'S ANNUITY
6 SAVINGS ACCOUNT AT THE TIME OF RETIREMENT FOR EACH YEAR OF STATE
7 SERVICE; TO PROVIDE THAT FOR ALL SUBSEQUENT YEARS AFTER
8 RETIREMENT, THE AMOUNT OF THE MEMBER'S RETIREMENT ALLOWANCE SHALL
9 BE CALCULATED ACCORDING TO THE CURRENT METHOD; TO AMEND SECTION
10 25-11-123, MISSISSIPPI CODE OF 1972, TO AUTHORIZE MEMBERS OF THE
11 RETIREMENT SYSTEM TO MAKE ADDITIONAL CONTRIBUTIONS TO THEIR
12 ANNUITY SAVINGS ACCOUNTS, PROVIDED THAT THE TOTAL AMOUNT OF
13 CONTRIBUTIONS THAT A MEMBER MAKES TO ALL TAX-DEFERRED RETIREMENT
14 PLANS IN ANY ONE YEAR DOES NOT EXCEED 25% OF THE MEMBER'S ANNUAL
15 COMPENSATION; AND FOR RELATED PURPOSES.

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

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

19 25-11-111. (a) Any member upon withdrawal from service upon
20 or after attainment of the age of sixty (60) years who shall have
21 completed at least four (4) years of creditable service, or any
22 member upon withdrawal from service regardless of age who shall
23 have completed at least twenty-five (25) years of creditable
24 service, shall be entitled to receive a retirement allowance which
25 shall begin on the first of the month following the date the
26 member's application for the said allowance is received by the
27 board, but in no event before withdrawal from service.

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

33 attaining the age of sixty (60) years, of the amount earned and
34 accrued at the date of withdrawal from service.

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

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

48 (1) A member's annuity which shall be the actuarial
49 equivalent of the accumulated contributions of the member at the
50 time of retirement computed according to the actuarial table in
51 use by the system; and

52 (2) An employer's annuity which, together with the
53 member's annuity provided above, shall be equal to one and
54 seven-eighths percent (1-7/8%) of the average compensation for
55 each year of state service up to and including twenty-five (25)
56 years of membership service, and two percent (2%) of the average
57 compensation for each year of state service in excess of
58 twenty-five (25) years of membership service.

59 (3) A prior service annuity equal to one and
60 seven-eighths percent (1-7/8%) of the average compensation for
61 each year of state service up to and including twenty-five (25)
62 years of prior service, and two percent (2%) of the average
63 compensation for each year of state service in excess of
64 twenty-five (25) years of prior service for which the member is
65 allowed credit.

66 (4) Any retired member or beneficiary thereof who was
67 eligible to receive a retirement allowance before July 1, 1991,
68 and who is still receiving a retirement allowance on July 1, 1992,
69 shall receive an increase in the annual retirement allowance of

70 the retired member equal to one-eighth of one percent (1/8 of 1%)
71 of the average compensation for each year of state service in
72 excess of twenty-five (25) years of membership service up to and
73 including thirty (30) years. The maximum increase shall be
74 five-eighths of one percent (5/8 of 1%). In no case shall a
75 member who has been retired prior to July 1, 1987, receive less
76 than Ten Dollars (\$10.00) per month for each year of creditable
77 service and proportionately for each quarter year thereof. Persons
78 retired on or after July 1, 1987, shall receive at least Ten
79 Dollars (\$10.00) per month for each year of service and
80 proportionately for each quarter year thereof reduced for the
81 option selected. However, such Ten Dollar (\$10.00) minimum per
82 month for each year of creditable service shall not apply to a
83 retirement allowance computed under Section 25-11-114 based on a
84 percentage of the member's average compensation.

85 (5) Any member upon withdrawal from service upon or
86 after attaining the age of sixty (60) years who has completed at
87 least four (4) years of creditable service, or any member upon
88 withdrawal from service regardless of age who has completed at
89 least twenty-five (25) years of creditable service, shall be
90 entitled to receive a retirement allowance computed in accordance
91 with the formula set forth in this section. Such retirement
92 allowance otherwise payable may be converted into a retirement
93 allowance of equivalent actuarial value in such an amount that,
94 with the member's benefit under Title II of the Federal Social
95 Security Act, the member will receive, so far as possible,
96 approximately the same amount annually before and after the
97 earliest age at which the member becomes eligible to receive a
98 Social Security benefit.

99
100 (6) For any member who retires on or after July 1,
101 1999, the amount of the member's retirement allowance for the
102 first year after retirement shall be equal to two percent (2%) of

103 the total amount in the member's annuity savings account at the
104 time of retirement for each year of state service, instead of the
105 amount calculated according to paragraphs (1) and (2) of this
106 subsection (d). For all subsequent years after retirement, the
107 amount of the member's retirement allowance shall be calculated
108 according to paragraphs (1) and (2) of this subsection (d).

109 (e) No member, except members excluded by the Age
110 Discrimination in Employment Act Amendments of 1986 (Public Law
111 99-592), under either Article 1 or Article 3 in state service
112 shall be required to retire because of age.

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

116 (g) (1) A retiree or beneficiary may, on a form prescribed
117 by and filed with the retirement system, waive all or a portion of
118 any benefits from the retirement system to which the retiree or
119 beneficiary is entitled. A retiree or beneficiary may revoke a
120 waiver of benefits in the same manner as the original waiver was
121 made. Such waiver shall be binding on the heirs and assigns of
122 any retiree or beneficiary and the same must agree to forever hold
123 harmless the Public Employees' Retirement System of Mississippi
124 from any claim to such waived retirement benefits.

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

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

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

136 subsection.

137 SECTION 2. Section 25-11-123, Mississippi Code of 1972, is
138 amended as follows:

139 25-11-123. All of the assets of the system shall be credited
140 according to the purpose for which they are held to one (1) of
141 four (4) reserves; namely, the annuity savings account, the
142 annuity reserve, the employer's accumulation account, and the
143 expense account.

144 (a) Annuity savings account. In the annuity savings account
145 shall be accumulated the contributions made by members to provide
146 for their annuities, including interest thereon which shall be
147 posted monthly. Credits to and charges against the annuity
148 savings account shall be made as follows:

149 (1) Beginning July 1, 1991, the employer shall cause to
150 be deducted from the salary of each member on each and every
151 payroll of such employer for each and every payroll period seven
152 and one-fourth percent (7-1/4%) of earned compensation as defined
153 in Section 25-11-103. Future contributions shall be fixed
154 biennially by the board on the basis of the liabilities of the
155 retirement system for the various allowances and benefits as shown
156 by actuarial valuation; provided, however, that any member earning
157 at a rate less than Sixteen Dollars and Sixty-seven Cents (\$16.67)
158 per month, or Two Hundred Dollars (\$200.00) per year, shall
159 contribute not less than One Dollar (\$1.00) per month, or Twelve
160 Dollars (\$12.00) per year.

161 (2) The deductions provided herein shall be made
162 notwithstanding that the minimum compensation provided by law for
163 any member shall be reduced thereby. Every member shall be deemed
164 to consent and agree to the deductions made and provided for
165 herein and shall receipt for his full salary or compensation, and
166 payment of salary or compensation less said deduction shall be a
167 full and complete discharge and acquittance of all claims and
168 demands whatsoever for the services rendered by such person during

169 the period covered by such payment, except as to the benefits
170 provided under Articles 1 and 3. The board shall provide by rules
171 for the methods of collection of contributions from members and
172 the employer. The board shall have full authority to require the
173 production of evidence necessary to verify the correctness of
174 amounts contributed.

175 (3) In addition to the contributions deducted from
176 compensation as provided for in paragraphs (1) and (2), any member
177 may deposit additional moneys in the annuity savings account by an
178 increased rate of contributions as designated by the member.
179 However, the total amount of additional contributions that a
180 member may make in any one (1) year, when combined with the total
181 amount of contributions that the member makes to all other
182 tax-deferred retirement plans during the same year, shall not
183 exceed twenty-five percent (25%) of the member's annual
184 compensation, as provided under Section 415 of the Internal
185 Revenue Code. It shall be the duty of each member who makes
186 additional contributions under the authority of this paragraph to
187 report to the system the amount of contributions that the member
188 makes to all other tax-deferred retirement plans, in the manner
189 and at the time prescribed by the board of trustees, so that the
190 board of trustees can determine the maximum amount of additional
191 contributions that the member will be allowed to make under the
192 authority of this paragraph in any particular year. The
193 additional amounts deposited under the authority of this paragraph
194 shall become a part of the member's contributions. The
195 accumulated contributions of a member that are withdrawn by him,
196 or paid to his estate or to his designated beneficiary in event of
197 his death as provided in this article, shall be charged to the
198 annuity savings account. Upon the retirement of a member, his
199 accumulated contributions shall be transferred from the annuity
200 savings account to the annuity reserve.

201 (b) Annuity reserve. The annuity reserve shall be the

202 account representing the actuarial value of all annuities in
203 force, and to it shall be charged all annuities and all benefits
204 in lieu of annuities, payable as provided in this article. If a
205 beneficiary retired on account of disability is restored to active
206 service with a compensation not less than his average final
207 compensation at the time of his last retirement, the remainder of
208 his contributions shall be transferred from the annuity reserve to
209 the annuity savings account and credited to his individual account
210 therein, and the balance of his annuity reserve shall be
211 transferred to the employer's accumulation account.

212 (c) Employer's accumulation account. The employer's
213 accumulation account shall represent the accumulation of all
214 reserves for the payment of all retirement allowances and other
215 benefits payable from contributions made by the employer, and
216 against this account shall be charged all retirement allowances
217 and other benefits on account of members. Credits to and charges
218 against the employer's accumulation account shall be made as
219 follows:

220 (1) On account of each member there shall be paid
221 monthly into the employer's accumulation account by the employers
222 for the preceding fiscal year an amount equal to a certain
223 percentage of the total earned compensation, as defined in Section
224 25-11-103, of each member. The percentage rate of such
225 contributions shall be fixed biennially by the board on the basis
226 of the liabilities of the retirement system for the various
227 allowances and benefits as shown by actuarial valuation. Beginning
228 January 1, 1990, the rate shall be fixed at nine and three-fourths
229 percent (9-3/4%). Political subdivisions joining Article 3 of the
230 Public Employees' Retirement System after July 1, 1968, may adjust
231 the employer's contributions by agreement with the Board of
232 Trustees of the Public Employees' Retirement System to provide
233 service credits for any period prior to execution of the agreement
234 based upon an actuarial determination of employer's contribution

235 rates.

236 (2) On the basis of regular interest and of such
237 mortality and other tables as shall be adopted by the board of
238 trustees, the actuary engaged by the board to make each valuation
239 required by this article during the period over which the accrued
240 liability contribution is payable, immediately after making such
241 valuation, shall determine the uniform and constant percentage of
242 the earnable compensation of each member which, if contributed by
243 the employer on the basis of compensation of such member
244 throughout his entire period of membership service, would be
245 sufficient to provide for the payment of any retirement allowance
246 payable on his account for such service. The percentage rate so
247 determined shall be known as the "normal contribution rate."
248 After the accrued liability contribution has ceased to be payable,
249 the normal contribution rate shall be the percentage rate of the
250 salary of all members obtained by deducting from the total
251 liabilities on account of membership service the amount in the
252 employer's accumulation account, and dividing the remainder by one
253 percent (1%) of the present value of the prospective future
254 salaries of all members as computed on the basis of the mortality
255 and service tables adopted by the board of trustees and regular
256 interest. The normal rate of contributions shall be determined by
257 the actuary after each valuation.

258 (3) The total amount payable in each year to the
259 employer's accumulation account shall not be less than the sum of
260 the percentage rate known as the "normal contribution" rate and
261 the "accrued liability contribution" rate of the total
262 compensation earnable by all members during the preceding year,
263 provided that the payment by the employer shall be sufficient,
264 when combined with the amounts in the account, to provide the
265 allowances and other benefits chargeable to this account during
266 the year then current.

267 (4) The accrued liability contribution shall be

268 discontinued as soon as the accumulated balance in the employer's
269 accumulation account shall equal the present value, computed on
270 the basis of the normal contribution rate then in force, or the
271 prospective normal contributions to be received on account of all
272 persons who are at that time members.

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

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

280 (d) Expense account. The expense account shall be the
281 account to which the expenses of the administration of the system
282 shall be charged, exclusive of amounts payable as retirement
283 allowances and as other benefits provided herein. The Legislature
284 shall make annual appropriations in amounts sufficient to
285 administer the system, which shall be credited to this account.
286 There shall be transferred to the State Treasury from this
287 account, not less than once per month, an amount sufficient for
288 payment of the estimated expenses of the system for the succeeding
289 thirty (30) days. Any interest earned on the expense account
290 shall accrue to the benefit of the system. Provided, however,
291 that notwithstanding the provisions of Sections 25-11-15(10) and
292 25-11-105(f)(5)e, all expenses of the administration of the system
293 shall be paid from the interest earnings, provided the interest
294 earnings are in excess of the actuarial interest assumption as
295 determined by the board, and provided the present cost of the
296 administrative expense fee of two percent (2%) of the
297 contributions reported by the political subdivisions and
298 instrumentalities shall be reduced to one percent (1%) from and
299 after July 1, 1983, through June 30, 1984, and shall be eliminated
300 thereafter.

301 (e) Collection of contributions. The employer shall cause
302 to be deducted on each and every payroll of a member for each and
303 every payroll period, beginning subsequent to January 31, 1953,
304 the contributions payable by such member as provided in Articles 1
305 and 3.

306 The employer shall make deductions from salaries of employees
307 as provided in Articles 1 and 3 and shall transmit monthly, or at
308 such time as the board of trustees shall designate, the amount
309 specified to be deducted to the Executive Director of the Public
310 Employees' Retirement System. The executive director, after
311 making a record of all such receipts, shall deposit such amounts
312 as provided by law.

313 (f) Upon the basis of each actuarial valuation provided
314 herein, the board of trustees shall biennially determine the
315 normal contribution rate and the accrued liability contribution
316 rate as provided in this section. The sum of these two (2) rates
317 shall be known as the "employer's contribution rate." Beginning
318 on earned compensation effective January 1, 1990, the rate
319 computed as provided in this section shall be nine and
320 three-fourths percent (9-3/4%). The percentage rate of such
321 contributions shall be fixed biennially by the board on the basis
322 of the liabilities of the retirement system for the various
323 allowances and benefits as shown by actuarial valuation.
324 Notwithstanding any other provision of law, the county board of
325 education, the governing authorities of separate, consolidated, or
326 municipal school districts, and all other such boards set up by
327 law which handle and disburse school funds, shall pay from local
328 tax sources one and one-half percent (1-1/2%) of the total
329 employer's contribution rate of nine and three-fourths percent
330 (9-3/4%).

331 The amount payable by the employer on account of normal and
332 accrued liability contributions shall be determined by applying
333 the employer's contribution rate to the amount of compensation

334 earned by employees who are members of the system. Monthly, or at
335 such time as the board of trustees shall designate, each
336 department or agency shall compute the amount of the employer's
337 contribution payable, with respect to the salaries of its
338 employees who are members of the system, and shall cause said
339 amount to be paid to the board of trustees from the personal
340 service allotment of the amount appropriated for the operation of
341 the department or agency, or from funds otherwise available to the
342 agency, for the payment of salaries to its employees.

343 Once each year, under procedures established by the system,
344 each employer shall submit to the Public Employees' Retirement
345 System a copy of their report to Social Security of all employees'
346 earnings.

347 The board shall provide by rules for the methods of
348 collection of contributions of employers and members. The amounts
349 determined due by an agency to the various funds as specified in
350 Articles 1 and 3 are made obligations of the agency to the board
351 and shall be paid as provided herein. From and after July 1,
352 1996, under rules and regulations established by the board, all
353 employers are authorized and shall transfer all funds due to the
354 Public Employees' Retirement System electronically and shall
355 transmit any wage or other reports by computerized reporting
356 systems.

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