

By: Senator(s) Bryan, Smith, Lee, Stogner, To: Finance
Thames, Harvey, Ferris, Johnson (38th),
Turner, Frazier, White (5th), Furniss,
Jackson, Horhn, Posey

SENATE BILL NO. 2381

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 MEMBERSHIP SERVICE IN EXCESS OF TWENTY-FIVE YEARS; TO REQUIRE
5 THE BOARD OF TRUSTEES OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
6 TO USE THE INCREASED PERCENTAGE TO RECALCULATE THE BENEFITS OF
7 RETIRED MEMBERS AND THEIR BENEFICIARIES; TO AMEND SECTION
8 25-11-112, MISSISSIPPI CODE OF 1972, TO REVISE THE CALCULATION OF
9 THE ADDITIONAL ANNUAL BENEFIT FOR MEMBERS AND BENEFICIARIES OF THE
10 PUBLIC EMPLOYEES' RETIREMENT SYSTEM; TO PROVIDE THAT THE
11 ADDITIONAL BENEFIT SHALL BE THE GREATER OF 4% OF THE RETIREMENT
12 ALLOWANCE TIMES THE NUMBER OF FISCAL YEARS IN RETIREMENT THROUGH
13 JUNE 30, 1998, OR THE SUM OF 3% OF THE RETIREMENT ALLOWANCE TIMES
14 THE NUMBER OF FISCAL YEARS IN RETIREMENT BEFORE THE MEMBER REACHES
15 AGE 62 PLUS 3% COMPOUNDED BY THE NUMBER OF FISCAL YEARS IN
16 RETIREMENT BEGINNING WITH THE YEAR IN WHICH THE MEMBER REACHES AGE
17 62 TIMES THE RETIREMENT ALLOWANCE; TO PROVIDE THAT THE ADDITIONAL
18 BENEFIT SHALL BE PAID IN ONE PAYMENT IN DECEMBER OF EACH YEAR TO
19 THOSE PERSONS WHO ARE RECEIVING A RETIREMENT ALLOWANCE ON DECEMBER
20 1 OF THAT YEAR, UNLESS AN IRREVOCABLE ELECTION IS MADE TO HAVE THE
21 BENEFIT PAID IN 12 EQUAL MONTHLY INSTALLMENTS; TO ALLOW MEMBERS
22 AND BENEFICIARIES WHO ARE CURRENTLY RECEIVING THE ADDITIONAL
23 ANNUAL PAYMENT IN MONTHLY INSTALLMENTS TO ELECT TO RECEIVE THE
24 ADDITIONAL BENEFIT PROVIDED FOR UNDER THIS ACT IN ONE ADDITIONAL
25 PAYMENT EACH YEAR; AND FOR RELATED PURPOSES.

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

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

29 25-11-111. (a) Any member upon withdrawal from service upon
30 or after attainment of the age of sixty (60) years who shall have
31 completed at least four (4) years of creditable service, or any
32 member upon withdrawal from service regardless of age who shall
33 have completed at least twenty-five (25) years of creditable
34 service, shall be entitled to receive a retirement allowance which
35 shall begin on the first of the month following the date the
36 member's application for the said allowance is received by the
37 board, but in no event before withdrawal from service.

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

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

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

58 (1) A member's annuity which shall be the actuarial
59 equivalent of the accumulated contributions of the member at the
60 time of retirement computed according to the actuarial table in
61 use by the system; and

62 (2) An employer's annuity which, together with the
63 member's annuity provided above, shall be equal to one and
64 seven-eighths percent (1-7/8%) of the average compensation for
65 each year of state service up to and including twenty-five (25)
66 years of membership service, and two and three-eighths percent
67 (2-3/8%) of the average compensation for each year of state
68 service in excess of twenty-five (25) years of membership service.

69 (3) A prior service annuity equal to one and
70 seven-eighths percent (1-7/8%) of the average compensation for

71 each year of state service up to and including twenty-five (25)
72 years of prior service, and two and three-eighths percent (2-3/8%)
73 of the average compensation for each year of state service in
74 excess of twenty-five (25) years of prior service for which the
75 member is allowed credit.

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

95 (5) The board shall recalculate the retirement
96 allowance of any member or the beneficiary of such a member, if
97 such member or beneficiary is eligible to receive a retirement
98 allowance before July 1, 1999, by using the criteria contained in
99 paragraphs (2) and (3) of this subsection (d).

100 (6) Any member upon withdrawal from service upon or
101 after attaining the age of sixty (60) years who has completed at
102 least four (4) years of creditable service, or any member upon
103 withdrawal from service regardless of age who has completed at

104 least twenty-five (25) years of creditable service, shall be
105 entitled to receive a retirement allowance computed in accordance
106 with the formula set forth in this section. Such retirement
107 allowance otherwise payable may be converted into a retirement
108 allowance of equivalent actuarial value in such an amount that,
109 with the member's benefit under Title II of the federal Social
110 Security Act, the member will receive, so far as possible,
111 approximately the same amount annually before and after the
112 earliest age at which the member becomes eligible to receive a
113 Social Security benefit.

114 (e) No member, except members excluded by the Age
115 Discrimination in Employment Act Amendments of 1986 (Public Law
116 99-592), under either Article 1 or Article 3 in state service
117 shall be required to retire because of age.

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

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

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

136 (3) The retirement system shall retain in the annuity

137 reserve account amounts that are not used to pay benefits because
138 of a waiver executed under this subsection.

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

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

144 25-11-112. (1) Any member who is receiving a retirement
145 allowance for service or disability retirement, or any beneficiary
146 thereof, who has received a monthly benefit for at least one (1)
147 full fiscal year, shall be eligible to receive an additional
148 benefit, on December 1 or July 1 of the year as provided in
149 subsection (3) of this section, equal to the greater of the
150 amounts calculated under paragraph (a) or (b) below:

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

154 (b) The sum of:

155 (i) An amount equal to three percent (3%) of the
156 annual retirement allowance multiplied by the number of full
157 fiscal years in retirement before the end of the fiscal year in
158 which the member reaches age sixty-two (62), plus

159 (ii) An additional amount equal to three percent
160 (3%) compounded by the number of full fiscal years in retirement
161 beginning with the fiscal year in which the member reaches age
162 sixty-two (62), multiplied by the amount of the annual retirement
163 allowance.

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

168 * * *

169 (3) The additional benefit provided for under this section

170 shall be paid in one (1) payment in December of each year to those
171 persons who are receiving a retirement allowance on December 1 of
172 that year, unless an election is made under this subsection.

173 Retired members or beneficiaries thereof who on July 1, 1999, or
174 July 1 of any fiscal year thereafter, are receiving a retirement
175 allowance, may elect by an irrevocable agreement in writing filed
176 in the office of the Public Employees' Retirement System no less
177 than thirty (30) days before July 1 of the appropriate year, to
178 begin receiving the additional benefit provided for under this
179 section in twelve (12) equal monthly installments beginning July
180 1, 1999, or July 1 of any fiscal year thereafter. This
181 irrevocable agreement shall be binding on the member and
182 subsequent beneficiaries. * * * Payment of those monthly
183 installments shall not extend beyond the month in which a
184 retirement allowance is due and payable. * * *

185 (4) The additional payment or payments provided for under
186 this section are for the fiscal year in which they are paid.

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

189 $[(1.03)^n - 1] \times [\text{annual retirement allowance}]$,

190 where n is the number of full fiscal years in retirement beginning
191 with the fiscal year in which the member reaches age sixty-two
192 (62).

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

201 (7) In the event of death of a retired member or a
202 beneficiary thereof who is receiving the additional annual payment

203 in two (2) to six (6) monthly installments pursuant to an election
204 made before July 1, 1999, and who would otherwise be eligible to
205 receive the additional benefit provided for under this section in
206 one (1) payment in December of the current fiscal year, any
207 remaining amounts shall be paid in a lump sum to the designated
208 beneficiary.

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