

## REPORT OF CONFERENCE COMMITTEE

### MR. SPEAKER AND MR. PRESIDENT:

We, the undersigned conferees, have had under consideration the amendments to the following entitled BILL:

H.B. No. 472: Retirement; revise calculation of PERS additional annual benefit.

We, therefore, respectfully submit the following report and recommendation:

1. That the Senate recede from its Amendment No. 1.
2. That the House and Senate adopt the following amendment:

Amend by striking all after the enacting clause and inserting in lieu thereof the following:

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

53 25-11-111. (a) Any member upon withdrawal from service upon  
54 or after attainment of the age of sixty (60) years who shall have  
55 completed at least four (4) years of creditable service, or any  
56 member upon withdrawal from service regardless of age who shall  
57 have completed at least twenty-five (25) years of creditable  
58 service, shall be entitled to receive a retirement allowance which  
59 shall begin on the first of the month following the date the  
60 member's application for the \* \* \* allowance is received by the  
61 board, but in no event before withdrawal from service.

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

69 (c) Any member in service who has qualified for retirement  
70 benefits may select any optional method of settlement of  
71 retirement benefits by notifying the Executive Director of the  
72 Board of Trustees of the Public Employees' Retirement System in  
73 writing, on a form prescribed by the board, of the option he has

74 selected and by naming the beneficiary of such option and  
75 furnishing necessary proof of age. Such option, once selected,  
76 may be changed at any time prior to actual retirement or death,  
77 but upon the death or retirement of the member, the optional  
78 settlement shall be placed in effect upon proper notification to  
79 the executive director.

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

82 (1) A member's annuity which shall be the actuarial  
83 equivalent of the accumulated contributions of the member at the  
84 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  
119 shall be equal to:

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

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

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

134 (4) Any retired member or beneficiary thereof who was  
135 eligible to receive a retirement allowance before July 1, 1991,  
136 and who is still receiving a retirement allowance on July 1, 1992,  
137 shall receive an increase in the annual retirement allowance of  
138 the retired member equal to one-eighth of one percent (1/8 of 1%)  
139 of the average compensation for each year of state service in  
140 excess of twenty-five (25) years of membership service up to and  
141 including thirty (30) years. The maximum increase shall be  
142 five-eighths of one percent (5/8 of 1%). In no case shall a  
143 member who has been retired prior to July 1, 1987, receive less

144 than Ten Dollars (\$10.00) per month for each year of creditable  
145 service and proportionately for each quarter year thereof.  
146 Persons retired on or after July 1, 1987, shall receive at least  
147 Ten Dollars (\$10.00) per month for each year of service and  
148 proportionately for each quarter year thereof reduced for the  
149 option selected. However, such Ten Dollars (\$10.00) minimum per  
150 month for each year of creditable service shall not apply to a  
151 retirement allowance computed under Section 25-11-114 based on a  
152 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  
 187 implemented.

188 RETIREMENT ALLOWANCE COMPUTATION

189 IMPLEMENTATION TABLE

190	<u>(A)</u>	<u>(B)</u>
191	<u>2% FOR YEARS</u>	<u>PERCENTAGE</u>
192	<u>ABOVE THIS</u>	<u>FOR YEARS</u>
193	<u>NUMBER AND</u>	<u>ABOVE 25</u>
194	<u>&lt;25 YEARS</u>	<u>YEARS</u>
195	<hr/>	
196	<u>Phase 1</u>	<u>20 years</u>
197	<u>Phase 2</u>	<u>15 years</u>
198	<u>Phase 3</u>	<u>10 years</u>
199	<u>Phase 4</u>	<u>5 years</u>
200	<u>Phase 5</u>	<u>0 years</u>
201	<u>Phase 6</u>	<u>0 years</u>
202	<u>Phase 7</u>	<u>0 years</u>

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

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

211 (f) No member, except members excluded by the Age  
 212 Discrimination in Employment Act Amendments of 1986 (Public Law  
 213 99-592), under either Article 1 or Article 3 in state service

214 shall be required to retire because of age.

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

218       (h) (1) A retiree or beneficiary may, on a form prescribed  
219 by and filed with the retirement system, waive all or a portion of  
220 any benefits from the retirement system to which the retiree or  
221 beneficiary is entitled. A retiree or beneficiary may revoke a  
222 waiver of benefits in the same manner as the original waiver was  
223 made. Such waiver shall be binding on the heirs and assigns of  
224 any retiree or beneficiary and the same must agree to forever hold  
225 harmless the Public Employees' Retirement System of Mississippi  
226 from any claim to such waived retirement benefits.

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

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

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

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

241       25-11-112. (1) Any member who is receiving a retirement  
242 allowance for service or disability retirement, or any beneficiary  
243 thereof, who has received a monthly benefit for at least one (1)  
244 full fiscal year, shall be eligible to receive an additional  
245 benefit, on December 1 or July 1 of the year as provided in  
246 subsection (3) of this section, equal to the greater of the  
247 amounts calculated under paragraph (a) or (b) below:

248       (a) An amount equal to four percent (4%) of the annual

249 retirement allowance multiplied by the number of full fiscal years  
250 in retirement through June 30, 1998; or

251 (b) The sum of:

252 (i) An amount equal to three percent (3%) of the  
253 annual retirement allowance multiplied by the number of full  
254 fiscal years in retirement before the end of the fiscal year in  
255 which the member reaches age fifty-five (55), plus

256 (ii) An additional amount equal to three percent  
257 (3%) compounded by the number of full fiscal years in retirement  
258 beginning with the fiscal year in which the member reaches age  
259 fifty-five (55), multiplied by the amount of the annual retirement  
260 allowance.

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

265 \* \* \*

266 (3) The additional benefit provided for under this section  
267 shall be paid in one (1) payment in December of each year to those  
268 persons who are receiving a retirement allowance on December 1 of  
269 that year, unless an election is made under this subsection.  
270 However, if a person who is receiving a retirement allowance that  
271 will terminate upon the person's death is receiving the additional  
272 benefit in one (1) payment and dies on or after July 1 but before  
273 December 1, the beneficiary or estate of the person shall receive  
274 in a single payment a fractional part of the additional benefit  
275 based on the number of months in which a retirement allowance was  
276 received during the fiscal year. Retired members or beneficiaries  
277 thereof who on July 1, 1999, or July 1 of any fiscal year  
278 thereafter, are receiving a retirement allowance, may elect by an  
279 irrevocable agreement in writing filed in the office of the Public  
280 Employees' Retirement System no less than thirty (30) days before  
281 July 1 of the appropriate year, to begin receiving the additional  
282 benefit provided for under this section in twelve (12) equal  
283 monthly installments beginning July 1, 1999, or July 1 of any

284 fiscal year thereafter. This irrevocable agreement shall be  
285 binding on the member and subsequent beneficiaries. \* \* \* Payment  
286 of those monthly installments shall not extend beyond the month in  
287 which a retirement allowance is due and payable. \* \* \*

288 (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.

**Further, amend by striking the title in its entirety and  
inserting in lieu thereof the following:**

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.

CONFEREES FOR THE HOUSE:

CONFEREES FOR THE SENATE:

X \_\_\_\_\_  
Charlie Capps, Jr.

X \_\_\_\_\_  
Hob Bryan

X \_\_\_\_\_  
Ed Perry

X \_\_\_\_\_  
William W. Canon

X \_\_\_\_\_  
William J. McCoy

\_\_\_\_\_  
Robert L. Johnson III