

By: Minor

To: Finance

SENATE BILL NO. 2777

1 AN ACT TO CREATE NEW SECTION 25-14-101, MISSISSIPPI CODE OF
2 1972, TO REQUIRE EMPLOYERS OF EMPLOYEES OF STATE AGENCIES,
3 INSTITUTIONS OF HIGHER LEARNING, COMMUNITY AND JUNIOR COLLEGES AND
4 PUBLIC SCHOOLS TO CONTRIBUTE MATCHING FUNDS OF \$25.00 PER MONTH
5 FOR QUALIFIED PARTICIPANTS IN THE DEFERRED COMPENSATION PLAN IN
6 ORDER TO ENCOURAGE EMPLOYEE SAVINGS FOR RETIREMENT; TO AUTHORIZE
7 OTHER POLITICAL SUBDIVISIONS TO PARTICIPATE IN THE MATCHING
8 CONTRIBUTION PROGRAM ON THE SAME TERMS AS THE STATE; TO PROVIDE
9 THAT THE BOARD OF TRUSTEES OF THE PUBLIC EMPLOYEES' RETIREMENT
10 SYSTEM SHALL ADMINISTER AND INVEST THE MATCHING EMPLOYER
11 CONTRIBUTIONS; TO PROVIDE THAT THE MATCHING EMPLOYER CONTRIBUTIONS
12 WILL NOT BE CONSIDERED A PART OF AN EMPLOYEE'S COMPENSATION; AND
13 FOR RELATED PURPOSES.

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

15 Section 1. The following shall be codified as Section
16 25-14-101, Mississippi Code of 1972:

17 25-14-101. (1) The state may amend its deferred
18 compensation plan adopted pursuant to the Government Employees
19 Deferred Compensation Plan Law (Section 25-14-1 et seq.), or adopt
20 a defined contribution plan under Section 401(a) of the Internal
21 Revenue Code, for the purpose of matching all or a specified
22 portion of the state employees' contributions to the government
23 employees' deferred compensation plan.

24 (2) The employer of each employee of a state agency,
25 institution of higher learning, community or junior college, or
26 public school shall contribute matching funds of Twenty-five
27 Dollars (\$25.00) per month for each qualified participant in the
28 deferred compensation plan. The purpose of these contributions is
29 to encourage and enhance employee savings for retirement. Any
30 other political subdivision that has previously executed or
31 hereafter executes a joinder agreement to the Deferred

32 Compensation Plan and Trust for Public Employees of the State of
33 Mississippi and Its Political Subdivisions, may amend its joinder
34 agreement to provide that it will contribute matching funds on the
35 same terms as the state, which shall thereafter be applicable to
36 all qualified participants of that political subdivision. The
37 contributions shall be made on a periodic basis in accordance with
38 the plan documents and rules and regulations as adopted by the
39 Board of Trustees of the Public Employees' Retirement System.

40 (3) The Board of Trustees of the Public Employees'
41 Retirement System shall determine whether the matching
42 contribution program shall be operated as a part of the existing
43 deferred compensation plan and trust under Section 457 of the
44 Internal Revenue Code (IRC) or be qualified under IRC Section
45 401(a). The Board of Trustees of the Public Employees' Retirement
46 System shall be the trustee for any new plan operated under IRC
47 401(a) and shall approve investment options for the plan, which
48 may be the same as offerings for the employees participating in
49 the IRC Section 457 deferred compensation plan. However, such
50 investment options are limited to those authorized under the
51 Government Employees Deferred Compensation Plan Law (Section
52 25-14-1 et seq.). Any funds invested under an IRC Section 401(a)
53 plan shall be accounted for separately.

54 (4) The Board of Trustees of the Public Employees'
55 Retirement System shall be responsible for the administration of
56 the funds and shall be responsible for establishing rules,
57 regulations and plan documents as necessary for the administration
58 of the matching contributions.

59 The Board of Trustees of the Public Employees' Retirement
60 System may levy such charges and fees on contributions as may
61 reasonably be necessary to provide for the administrative expenses
62 of operating the deferred compensation program, including, but not
63 limited to, the services of auditors, consultants, money managers
64 and third party administrators.

65 (5) All matching funds so contributed shall be held in trust
66 for the exclusive benefit of plan participants.

67 (6) For purposes of this section, "qualified participant"
68 means an employee of the State of Mississippi or any of its

69 political subdivisions, excluding independent contractors, who is
70 making continuous deferrals of at least Twenty-five Dollars
71 (\$25.00) per month to the Section 457 Deferred Compensation Plan
72 and Trust administered by the state.

73 (7) Except to the extent necessary to comply with federal
74 law, the matching employer funds will not be considered part of an
75 employee's compensation for purposes of any other employee
76 retirement, pension, or benefit program on which additional
77 contributions are due, nor shall such amounts be included for
78 purposes of computation of any taxes withheld on behalf of any
79 employee.

80 (8) The state is obligated only for the current market value
81 of the matching funds previously made to a plan established under
82 IRC Section 401(a) or the existing IRC Section 457 Plan and Trust,
83 as applicable, on a participant's behalf.

84 SECTION 2. This act shall take effect and be in force from
85 and after July 1, 2001.