

By: Representative Fleming

To: Appropriations

HOUSE BILL NO. 24

1 AN ACT TO AMEND SECTION 25-11-123, MISSISSIPPI CODE OF 1972,  
 2 TO AUTHORIZE MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM TO  
 3 ELECT TO INCREASE THEIR EMPLOYEE'S CONTRIBUTION RATE BY FIVE  
 4 PERCENT OR TEN PERCENT ABOVE THE REGULAR CONTRIBUTION RATE,  
 5 SUBJECT TO CERTAIN LIMITATIONS; TO AMEND SECTION 25-11-111,  
 6 MISSISSIPPI CODE OF 1972, TO PROVIDE THAT ANY MEMBER WHO ELECTED  
 7 TO INCREASE HIS OR HER EMPLOYEE'S CONTRIBUTION RATE SHALL HAVE THE  
 8 AMOUNT OF HIS OR HER ANNUAL RETIREMENT ALLOWANCE INCREASED AT THE  
 9 TIME OF RETIREMENT BY THE SAME PERCENTAGE THAT THE EMPLOYEE'S  
 10 CONTRIBUTION RATE WAS INCREASED, EITHER FIVE PERCENT OR TEN  
 11 PERCENT, IF THE INCREASED CONTRIBUTION RATE WAS IN EFFECT FOR AT  
 12 LEAST FIVE CONSECUTIVE YEARS; AND FOR RELATED PURPOSES.

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

14 SECTION 1. Section 25-11-123, Mississippi Code of 1972, is  
 15 amended as follows:

16 25-11-123. All of the assets of the system shall be credited  
 17 according to the purpose for which they are held to one (1) of  
 18 four (4) reserves; namely, the annuity savings account, the  
 19 annuity reserve, the employer's accumulation account, and the  
 20 expense account.

21 (a) Annuity savings account. In the annuity savings account  
 22 shall be accumulated the contributions made by members to provide  
 23 for their annuities, including interest thereon which shall be  
 24 posted monthly. Credits to and charges against the annuity  
 25 savings account shall be made as follows:

26 (1) Beginning July 1, 1991, the employer shall cause to  
 27 be deducted from the salary of each member on each and every  
 28 payroll of such employer for each and every payroll period seven  
 29 and one-fourth percent (7-1/4%) of earned compensation as defined  
 30 in Section 25-11-103. Future contributions shall be fixed  
 31 biennially by the board on the basis of the liabilities of the  
 32 retirement system for the various allowances and benefits as shown



33 by actuarial valuation; provided, however, that any member earning  
34 at a rate less than Sixteen Dollars and Sixty-seven Cents (\$16.67)  
35 per month, or Two Hundred Dollars (\$200.00) per year, shall  
36 contribute not less than One Dollar (\$1.00) per month, or Twelve  
37 Dollars (\$12.00) per year.

38 (2) The deductions provided herein shall be made  
39 notwithstanding that the minimum compensation provided by law for  
40 any member shall be reduced thereby. Every member shall be deemed  
41 to consent and agree to the deductions made and provided for  
42 herein and shall receipt for his full salary or compensation, and  
43 payment of salary or compensation less the deduction shall be a  
44 full and complete discharge and acquittance of all claims and  
45 demands whatsoever for the services rendered by such person during  
46 the period covered by such payment, except as to the benefits  
47 provided under Articles 1 and 3. The board shall provide by rules  
48 for the methods of collection of contributions from members and  
49 the employer. The board shall have full authority to require the  
50 production of evidence necessary to verify the correctness of  
51 amounts contributed.

52 (3) (i) Subject to the limitation in subparagraph (ii)  
53 of this paragraph, any member may elect to increase his or her  
54 employee's contribution rate by either five percent (5%) or ten  
55 percent (10%) above the rate specified under paragraph (1), so  
56 that the member's contribution rate will be either twelve and  
57 one-fourth percent (12-1/4%) or seventeen and one-fourth percent  
58 (17-1/4%). Any member who wishes to increase his or her  
59 employee's contribution rate shall request the increase in writing  
60 to the office of the board of trustees. The member shall specify  
61 the amount of the increased contribution rate that will be used,  
62 the date that the increased contribution rate will begin, and the  
63 period during which the increased contribution rate will be in  
64 effect.



65                   (ii) The total amount of additional contributions  
66 that a member may make in any one (1) year from the increased  
67 employee's contribution rate under this paragraph (3), when  
68 combined with the total amount of contributions that the member  
69 makes to all other tax-deferred retirement plans during the same  
70 year, shall not exceed twenty-five percent (25%) of the member's  
71 annual compensation, as provided under Section 415 of the Internal  
72 Revenue Code. It is the duty of each member who has increased his  
73 or her employee's contribution rate under this paragraph (3) to  
74 report to the retirement system the amount of contributions that  
75 the member makes to all other tax-deferred retirement plans, in  
76 the manner and at the time prescribed by the board of trustees.

77                   (iii) The additional contributions that are made  
78 from the increased employee's contribution rate under this  
79 paragraph (3) shall become a part of the member's contributions.  
80 The accumulated contributions of a member that are withdrawn by  
81 the member, or paid to his or her estate or designated beneficiary  
82 in event of the member's death as provided in this article, shall  
83 be charged to the annuity savings account. Upon the retirement of  
84 a member, his or her accumulated contributions shall be  
85 transferred from the annuity savings account to the annuity  
86 reserve.

87           (b) Annuity reserve. The annuity reserve shall be the  
88 account representing the actuarial value of all annuities in  
89 force, and to it shall be charged all annuities and all benefits  
90 in lieu of annuities, payable as provided in this article. If a  
91 beneficiary retired on account of disability is restored to active  
92 service with a compensation not less than his average final  
93 compensation at the time of his last retirement, the remainder of  
94 his contributions shall be transferred from the annuity reserve to  
95 the annuity savings account and credited to his individual account  
96 therein, and the balance of his annuity reserve shall be  
97 transferred to the employer's accumulation account.



98           (c) Employer's accumulation account. The employer's  
99 accumulation account shall represent the accumulation of all  
100 reserves for the payment of all retirement allowances and other  
101 benefits payable from contributions made by the employer, and  
102 against this account shall be charged all retirement allowances  
103 and other benefits on account of members. Credits to and charges  
104 against the employer's accumulation account shall be made as  
105 follows:

106           (1) On account of each member there shall be paid  
107 monthly into the employer's accumulation account by the employers  
108 for the preceding fiscal year an amount equal to a certain  
109 percentage of the total earned compensation, as defined in Section  
110 25-11-103, of each member. The percentage rate of such  
111 contributions shall be fixed biennially by the board on the basis  
112 of the liabilities of the retirement system for the various  
113 allowances and benefits as shown by actuarial valuation. Beginning  
114 January 1, 1990, the rate shall be fixed at nine and three-fourths  
115 percent (9-3/4%). Political subdivisions joining Article 3 of the  
116 Public Employees' Retirement System after July 1, 1968, may adjust  
117 the employer's contributions by agreement with the Board of  
118 Trustees of the Public Employees' Retirement System to provide  
119 service credits for any period prior to execution of the agreement  
120 based upon an actuarial determination of employer's contribution  
121 rates.

122           (2) On the basis of regular interest and of such  
123 mortality and other tables as shall be adopted by the board of  
124 trustees, the actuary engaged by the board to make each valuation  
125 required by this article during the period over which the accrued  
126 liability contribution is payable, immediately after making such  
127 valuation, shall determine the uniform and constant percentage of  
128 the earnable compensation of each member which, if contributed by  
129 the employer on the basis of compensation of such member  
130 throughout his entire period of membership service, would be



131 sufficient to provide for the payment of any retirement allowance  
132 payable on his account for such service. The percentage rate so  
133 determined shall be known as the "normal contribution rate."  
134 After the accrued liability contribution has ceased to be payable,  
135 the normal contribution rate shall be the percentage rate of the  
136 salary of all members obtained by deducting from the total  
137 liabilities on account of membership service the amount in the  
138 employer's accumulation account, and dividing the remainder by one  
139 percent (1%) of the present value of the prospective future  
140 salaries of all members as computed on the basis of the mortality  
141 and service tables adopted by the board of trustees and regular  
142 interest. The normal rate of contributions shall be determined by  
143 the actuary after each valuation.

144 (3) The total amount payable in each year to the  
145 employer's accumulation account shall not be less than the sum of  
146 the percentage rate known as the "normal contribution" rate and  
147 the "accrued liability contribution" rate of the total  
148 compensation earnable by all members during the preceding year,  
149 provided that the payment by the employer shall be sufficient,  
150 when combined with the amounts in the account, to provide the  
151 allowances and other benefits chargeable to this account during  
152 the year then current.

153 (4) The accrued liability contribution shall be  
154 discontinued as soon as the accumulated balance in the employer's  
155 accumulation account shall equal the present value, computed on  
156 the basis of the normal contribution rate then in force, or the  
157 prospective normal contributions to be received on account of all  
158 persons who are at that time members.

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



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

166           (d) Expense account. The expense account shall be the  
167 account to which the expenses of the administration of the system  
168 shall be charged, exclusive of amounts payable as retirement  
169 allowances and as other benefits provided herein. The Legislature  
170 shall make annual appropriations in amounts sufficient to  
171 administer the system, which shall be credited to this account.  
172 There shall be transferred to the State Treasury from this  
173 account, not less than once per month, an amount sufficient for  
174 payment of the estimated expenses of the system for the succeeding  
175 thirty (30) days. Any interest earned on the expense account  
176 shall accrue to the benefit of the system. Provided, however,  
177 that notwithstanding the provisions of Sections 25-11-15(10) and  
178 25-11-105(f)(5)e, all expenses of the administration of the system  
179 shall be paid from the interest earnings, provided the interest  
180 earnings are in excess of the actuarial interest assumption as  
181 determined by the board, and provided the present cost of the  
182 administrative expense fee of two percent (2%) of the  
183 contributions reported by the political subdivisions and  
184 instrumentalities shall be reduced to one percent (1%) from and  
185 after July 1, 1983, through June 30, 1984, and shall be eliminated  
186 thereafter.

187           (e) Collection of contributions. The employer shall cause  
188 to be deducted on each and every payroll of a member for each and  
189 every payroll period, beginning subsequent to January 31, 1953,  
190 the contributions payable by such member as provided in Articles 1  
191 and 3.

192           The employer shall make deductions from salaries of employees  
193 as provided in Articles 1 and 3 and shall transmit monthly, or at  
194 such time as the board of trustees shall designate, the amount  
195 specified to be deducted to the Executive Director of the Public



196 Employees' Retirement System. The executive director, after  
197 making a record of all such receipts, shall deposit such amounts  
198 as provided by law.

199 (f) Upon the basis of each actuarial valuation provided  
200 herein, the board of trustees shall biennially determine the  
201 normal contribution rate and the accrued liability contribution  
202 rate as provided in this section. The sum of these two (2) rates  
203 shall be known as the "employer's contribution rate." Beginning  
204 on earned compensation effective January 1, 1990, the rate  
205 computed as provided in this section shall be nine and  
206 three-fourths percent (9-3/4%). The percentage rate of such  
207 contributions shall be fixed biennially by the board on the basis  
208 of the liabilities of the retirement system for the various  
209 allowances and benefits as shown by actuarial valuation.  
210 Notwithstanding any other provision of law, the county board of  
211 education, the governing authorities of separate, consolidated, or  
212 municipal school districts, and all other such boards set up by  
213 law which handle and disburse school funds, shall pay from local  
214 tax sources one and one-half percent (1-1/2%) of the total  
215 employer's contribution rate of nine and three-fourths percent  
216 (9-3/4%).

217 The amount payable by the employer on account of normal and  
218 accrued liability contributions shall be determined by applying  
219 the employer's contribution rate to the amount of compensation  
220 earned by employees who are members of the system. Monthly, or at  
221 such time as the board of trustees shall designate, each  
222 department or agency shall compute the amount of the employer's  
223 contribution payable, with respect to the salaries of its  
224 employees who are members of the system, and shall cause that  
225 amount to be paid to the board of trustees from the personal  
226 service allotment of the amount appropriated for the operation of  
227 the department or agency, or from funds otherwise available to the  
228 agency, for the payment of salaries to its employees.



229           Once each year, under procedures established by the system,  
230 each employer shall submit to the Public Employees' Retirement  
231 System a copy of their report to Social Security of all employees'  
232 earnings.

233           The board shall provide by rules for the methods of  
234 collection of contributions of employers and members. The amounts  
235 determined due by an agency to the various funds as specified in  
236 Articles 1 and 3 are made obligations of the agency to the board  
237 and shall be paid as provided herein. Failure to deduct such  
238 contributions shall not relieve the employee and employer from  
239 liability thereof. Delinquent employee contributions and any  
240 accrued interest shall be the obligation of the employee and  
241 delinquent employer contributions and any accrued interest shall  
242 be the obligation of the employer. The employer may, in its  
243 discretion, elect to pay any or all of the interest on delinquent  
244 employee contributions. From and after July 1, 1996, under rules  
245 and regulations established by the board, all employers are  
246 authorized and shall transfer all funds due to the Public  
247 Employees' Retirement System electronically and shall transmit any  
248 wage or other reports by computerized reporting systems.

249           SECTION 2. Section 25-11-111, Mississippi Code of 1972, is  
250 amended as follows:

251           25-11-111. (a) Any member upon withdrawal from service upon  
252 or after attainment of the age of sixty (60) years who shall have  
253 completed at least four (4) years of creditable service, or any  
254 member upon withdrawal from service regardless of age who shall  
255 have completed at least twenty-five (25) years of creditable  
256 service, shall be entitled to receive a retirement allowance which  
257 shall begin on the first of the month following the date the  
258 member's application for the allowance is received by the board,  
259 but in no event before withdrawal from service.

260           (b) Any member whose withdrawal from service occurs prior to  
261 attaining the age of sixty (60) years who shall have completed





262 four (4) or more years of creditable service and shall not have  
263 received a refund of his accumulated contributions shall be  
264 entitled to receive a retirement allowance, beginning upon his  
265 attaining the age of sixty (60) years, of the amount earned and  
266 accrued at the date of withdrawal from service.

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

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

280 (1) A member's annuity which shall be the actuarial  
281 equivalent of the accumulated contributions of the member at the  
282 time of retirement computed according to the actuarial table in  
283 use by the system; and

284 (2) An employer's annuity which, together with the  
285 member's annuity provided above, shall be equal to one and  
286 seven-eighths percent (1-7/8%) of the average compensation for  
287 each year of state service up to and including twenty-five (25)  
288 years of membership service, and two and one-fourth percent  
289 (2-1/4%) of the average compensation for each year of state  
290 service exceeding twenty-five (25) years of membership service.  
291 However, after the board of trustees has begun implementing the  
292 changes in the computation of the retirement allowance as provided  
293 in subsection (e), the employer's annuity shall be equal to:



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

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

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

308 (3) A prior service annuity equal to one and  
309 seven-eighths percent (1-7/8%) of the average compensation for  
310 each year of state service up to and including twenty-five (25)  
311 years of prior service, and two and one-fourth percent (2-1/4%) of  
312 the average compensation for each year of state service exceeding  
313 twenty-five (25) years of prior service for which the member is  
314 allowed credit. However, after the board of trustees has begun  
315 implementing the changes in the computation of the retirement  
316 allowance as provided in subsection (e), the prior service annuity  
317 shall be equal to:

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

323 (ii) Two percent (2%) of the average compensation  
324 for each year of prior service exceeding the number of years  
325 specified in Column A of the table in subsection (e) for the



326 latest phase that has been implemented up to and including  
327 twenty-five (25) years, and

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

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

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





389            PHASE                            2% FOR YEARS                            PERCENTAGE  
390    ABOVE THIS                            FOR YEARS  
391    NUMBER AND                            ABOVE 25  
392    ≤25 YEARS                            YEARS

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394	Phase 1	20 years	2.250%
395	Phase 2	15 years	2.250%
396	Phase 3	10 years	2.250%
397	Phase 4	5 years	2.250%
398	Phase 5	0 years	2.250%
399	Phase 6	0 years	2.375%
400	Phase 7	0 years	2.500%

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

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

409            (f) If a member elected under Section 25-11-123(3) to  
410            increase his or her employee's contribution rate by five percent  
411            (5%), and the increased contribution rate was in effect for at  
412            least five (5) consecutive years, the member shall have the amount  
413            of his or her annual retirement allowance that is calculated under  
414            subsections (d) and (e) of this section increased by five percent  
415            (5%) at the time of his or her retirement. If a member elected  
416            under Section 25-11-123(3) to increase his or her employee's  
417            contribution rate by ten percent (10%), and the increased  
418            contribution rate was in effect for at least five (5) consecutive  
419            years, the member shall have the amount of his or her annual  
420            retirement allowance that is calculated under subsections (d) and  
421            (e) of this section increased by ten percent (10%) at the time of



422 his or her retirement. The provisions of this subsection (f) are  
423 subject to the following:

424 (1) The increase in the amount of the annual retirement  
425 allowance provided for under this subsection shall not be made if  
426 the five (5) years during which the increased contribution rate  
427 was in effect were not consecutive years, or if the increased  
428 contribution rate was not the same rate during the five-year  
429 period.

430 (2) The increased contribution rates of five percent  
431 (5%) and ten percent (10%) cannot be combined, accumulated or  
432 averaged to further increase the amount of the member's annual  
433 retirement allowance above the amount provided for in this  
434 subsection. For example, if a member has an increased  
435 contribution rate of five percent (5%) in effect for fewer than  
436 five (5) years and then elects to use an increased contribution  
437 rate of ten percent (10%), the increased contribution rate of ten  
438 percent (10%) must be in effect for five (5) consecutive years in  
439 order for the member to receive a ten percent (10%) increase in  
440 the annual retirement allowance; the years during which the member  
441 had an increased contribution rate of five percent (5%) will not  
442 be combined, accumulated or averaged together with the years  
443 during which the member had an increased contribution rate of ten  
444 percent (10%).

445 (g) No member, except members excluded by the Age  
446 Discrimination in Employment Act Amendments of 1986 (Public Law  
447 99-592), under either Article 1 or Article 3 in state service  
448 shall be required to retire because of age.

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

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



455 retiree or beneficiary is entitled. Such waiver shall be binding  
456 on the heirs and assigns of any retiree or beneficiary and the  
457 same must agree to forever hold harmless the Public Employees'  
458 Retirement System of Mississippi from any claim to such waived  
459 retirement benefits.

460 (2) Any waiver pursuant to this subsection shall apply  
461 only to the person executing the waiver. A beneficiary shall be  
462 entitled to benefits according to the option selected by the  
463 member at the time of retirement. However, a beneficiary may, at  
464 the option of the beneficiary, execute a waiver of benefits  
465 pursuant to this subsection.

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

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

472 SECTION 3. This act shall take effect and be in force from  
473 and after July 1, 2001.

