

By: Representative Stringer

To: Appropriations

HOUSE BILL NO. 1038

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

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

66 (6) For purposes of this section, "qualified participant"  
67 means an employee of the State of Mississippi or any of its  
68 political subdivisions, excluding independent contractors, who is  
69 making continuous deferrals of at least Twenty-five Dollars  
70 (\$25.00) per month to the Section 457 Deferred Compensation Plan  
71 and Trust administered by the state.

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

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

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