

By: Representative Stringer

To: Appropriations

HOUSE BILL NO. 858

1 AN ACT TO AMEND SECTION 25-13-12, MISSISSIPPI CODE OF 1972,
 2 TO REVISE THE CALCULATION OF THE ADDITIONAL ANNUAL BENEFIT FOR
 3 MEMBERS AND BENEFICIARIES OF THE HIGHWAY SAFETY PATROL RETIREMENT
 4 SYSTEM; TO PROVIDE THAT THE ADDITIONAL BENEFIT SHALL BE THE SUM OF
 5 THREE PERCENT OF THE RETIREMENT ALLOWANCE TIMES THE NUMBER OF
 6 FISCAL YEARS IN RETIREMENT BEFORE THE MEMBER REACHES AGE SIXTY,
 7 PLUS THREE PERCENT COMPOUNDED BY THE NUMBER OF FISCAL YEARS IN
 8 RETIREMENT BEGINNING WITH THE YEAR IN WHICH THE MEMBER REACHES AGE
 9 SIXTY, TIMES THE RETIREMENT ALLOWANCE; TO PROVIDE THAT BEGINNING
 10 ON JULY 1, 2003, THE BOARD OF TRUSTEES OF THE RETIREMENT SYSTEM
 11 SHALL BEGIN IMPLEMENTING A REDUCTION IN THE AGE AT WHICH
 12 COMPOUNDING OF THE ADDITIONAL BENEFIT WILL BEGIN, WHICH SHALL BE
 13 IMPLEMENTED IN FIVE PHASES; TO PROVIDE THAT THE AGE WILL BE
 14 REDUCED BY ONE YEAR IN EACH OF THE PHASES, UNTIL THE AGE AT WHICH
 15 COMPOUNDING WILL BEGIN IS FIFTY-FIVE YEARS; TO PROVIDE THAT THE
 16 BOARD SHALL IMPLEMENT THE PHASES SYSTEMATICALLY UPON JULY 1 AFTER
 17 THE BOARD'S ACTUARY CERTIFIES THAT IMPLEMENTATION OF A PHASE WILL
 18 NOT CAUSE THE UNFUNDED ACCRUED ACTUARIAL LIABILITY AMORTIZATION
 19 PERIOD FOR THE RETIREMENT SYSTEM TO EXCEED TWENTY YEARS; TO
 20 PROVIDE THAT THE BOARD SHALL HAVE THE EXCLUSIVE AUTHORITY TO SET
 21 THE ASSUMPTIONS THAT ARE USED IN THE ACTUARIAL VALUATION; TO
 22 PROVIDE THAT THE BOARD SHALL RECALCULATE THE RETIREMENT ALLOWANCE
 23 OF ANY RETIRED MEMBER OR BENEFICIARY OF SUCH A MEMBER AS EACH
 24 PHASE IS IMPLEMENTED; TO PROVIDE THAT THE ADDITIONAL BENEFIT SHALL
 25 BE PAID IN ONE PAYMENT IN DECEMBER OF EACH YEAR TO THOSE PERSONS
 26 WHO ARE RECEIVING A RETIREMENT ALLOWANCE ON DECEMBER 1 OF THAT
 27 YEAR, UNLESS AN ELECTION IS MADE TO HAVE THE BENEFIT PAID IN
 28 TWELVE EQUAL MONTHLY INSTALLMENTS; TO ALLOW MEMBERS AND
 29 BENEFICIARIES WHO ARE CURRENTLY RECEIVING THE ADDITIONAL ANNUAL
 30 PAYMENT IN MONTHLY INSTALLMENTS TO ELECT TO RECEIVE THE ADDITIONAL
 31 BENEFIT PROVIDED IN THIS ACT IN ONE PAYMENT EACH YEAR; TO
 32 AUTHORIZE THE BOARD TO CHANGE THE MANNER IN WHICH MEMBERS OF THE
 33 RETIREMENT SYSTEM RECEIVE THE ADDITIONAL BENEFIT IF THE CURRENT
 34 MANNER OF PAYMENT WILL CAUSE A FINANCIAL HARDSHIP TO THE RETIRED
 35 MEMBER OR HIS BENEFICIARY; TO PROVIDE THAT IF THE ADDITIONAL
 36 BENEFIT IS BEING RECEIVED IN ONE PAYMENT, THE BENEFIT SHALL BE
 37 PRORATED BASED ON THE NUMBER OF MONTHS IN WHICH A RETIREMENT
 38 ALLOWANCE WAS RECEIVED DURING THE YEAR IN CERTAIN SITUATIONS; AND
 39 FOR RELATED PURPOSES.

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

41 **SECTION 1.** Section 25-13-12, Mississippi Code of 1972, is
 42 amended as follows:

43 25-13-12. (1) Any member who is receiving a retirement
 44 allowance for service or disability retirement, or any beneficiary
 45 thereof, who has received a monthly benefit for at least one (1)



46 full fiscal year, shall be eligible to receive an additional
47 benefit, on December 1 or July 1 of the year as provided in
48 subsection (6) or (7) of this section, equal to the sum of:

49 (a) An amount equal to three percent (3%) of the annual
50 retirement allowance multiplied by the number of full fiscal years
51 in retirement before the fiscal year in which the member reaches
52 age sixty (60) or the age established in the latest phase that has
53 been implemented under subsection (3) of this section, plus

54 (b) An additional amount equal to three percent (3%)
55 compounded by the number of full fiscal years in retirement
56 beginning with the fiscal year in which the member reaches age
57 sixty (60) or the age established in the latest phase that has
58 been implemented under subsection (3) of this section, multiplied
59 by the amount of the annual retirement allowance.

60 (2) The calculation of the beneficiary's additional benefit
61 provided in this section shall be based on the member's age and
62 full fiscal years in retirement as if the member had lived.

63 (3) From and after July 1, 2003, the board shall begin
64 implementing a reduction in the age at which compounding of the
65 portion of the additional benefit provided in subsection (1)(b) of
66 this section will begin, which changes shall be implemented in
67 phases as set forth in the table in this subsection. The board
68 shall implement the phases systematically upon July 1 after the
69 board's actuary certifies that implementation of a phase will not
70 cause the unfunded accrued actuarial liability amortization period
71 for the retirement system to exceed twenty (20) years. The board
72 shall have the exclusive authority to set the assumptions that are
73 used in the actuarial valuation in accordance with Section
74 25-13-29.

75 IMPLEMENTATION TABLE FOR AGE OF

76 COMPOUNDING THE ADDITIONAL BENEFIT

77 PHASE

AGE AT WHICH

COMPOUNDING



79 THE ADDITIONAL
80 BENEFIT BEGINS

82	<u>Phase 1</u>	<u>Age 59</u>
83	<u>Phase 2</u>	<u>Age 58</u>
84	<u>Phase 3</u>	<u>Age 57</u>
85	<u>Phase 4</u>	<u>Age 56</u>
86	<u>Phase 5</u>	<u>Age 55</u>

87 * * *

88 (4) If a retiree who is receiving a retirement allowance
89 that will terminate upon the retiree's death is receiving the
90 additional benefit in one (1) payment and dies on or after July 1
91 but before December 1, the beneficiary designated on the
92 retirement application, if any, shall receive in a single payment
93 a fractional part of the additional benefit based on the number of
94 months in which a retirement allowance was received during the
95 fiscal year. If there is no surviving beneficiary, payment shall
96 be made in accordance with Section 25-13-21.1(1). Likewise, if a
97 retiree is receiving a retirement allowance that will terminate
98 upon the retiree's death in two (2) to six (6) monthly
99 installments, any remaining payments of the additional benefit
100 will be paid in a lump sum to the beneficiary designated on the
101 application, or if none, in accordance with Section 25-13-21.1(1).
102 Any similar remaining payments of the additional benefit payable
103 under this section to a deceased beneficiary who was receiving a
104 monthly benefit shall be payable in accordance with the provisions
105 of Section 25-13-21.1(2). If the additional benefit is being
106 received in one (1) payment each year, the additional benefit
107 shall be prorated based on the number of months in which a
108 retirement allowance was received during the fiscal year when (i)
109 the monthly benefit payable to a beneficiary terminates due to the
110 expiration of an option, remarriage or cessation of dependent
111 status or due to the retiree's return to covered employment, and



112 (ii) the monthly benefit terminates on or after July 1 and before
113 December 1.

114 (5) Each retired member or beneficiary thereof who receives
115 an annual retirement allowance based on the average compensation
116 for a period of five (5) successive or joined years and who
117 receives a retirement allowance for the month of June 1986, shall
118 receive an ad hoc increase of three percent (3%) in such
119 retirement allowance effective July 1, 1986.

120 (6) The additional benefit provided in this section shall be
121 paid in one (1) payment in December of each year to those persons
122 who are receiving a retirement allowance on December 1 of that
123 year, unless an election is made under subsection (7) of this
124 section. The board, in its discretion, may allow a retired member
125 or a beneficiary thereof who is receiving the additional benefit
126 in one (1) payment each year to have the additional benefit paid
127 in monthly installments if the retired member or beneficiary
128 submits satisfactory documentation that the continued receipt of
129 the additional benefit in one (1) payment each year will cause a
130 financial hardship to the retired member or beneficiary.

131 (7) Retired members or beneficiaries thereof who * * * are
132 receiving a retirement allowance may elect by an irrevocable
133 agreement in writing filed in the Office of the Public Employees'
134 Retirement System no less than thirty (30) days before July 1 of
135 any year, to begin receiving the additional benefit provided * * *
136 in * * * this section in twelve (12) equal monthly installments
137 beginning on July 1 of the year. This irrevocable agreement shall
138 be binding on the member and subsequent beneficiaries. * * *
139 Payment of those monthly installments shall not extend beyond the
140 month in which a retirement allowance is due and payable. Any
141 retired member or beneficiary thereof who previously elected to
142 receive the additional annual payment in monthly installments may
143 elect, upon application on a form prescribed by the board, to have
144 that payment made in one (1) payment in December of each year.



145 This written election must be filed in the office of the Public
146 Employees' Retirement System before June 1, 2003, and shall be
147 effective for the fiscal year beginning July 1, 2003. The board,
148 in its discretion, may allow a retired member or a beneficiary
149 thereof who is receiving the additional benefit in monthly
150 installments to have the additional benefit paid in one (1)
151 payment in December of each year if the retired member or
152 beneficiary submits satisfactory documentation that the continued
153 receipt of the additional benefit in monthly installments will
154 cause financial hardship to the retired member or beneficiary.

155 (8) The additional benefit or benefits provided in this
156 section are for the fiscal year in which they are paid.

157 (9) The amount of the additional benefit provided in
158 subsection (1)(b) of this section is calculated using the
159 following formula:

160 $[(1.03)^n - 1] \times [\text{annual retirement allowance}]$,

161 where n is the number of full fiscal years in retirement beginning
162 with the fiscal year in which the member reaches age sixty (60) or
163 the age established in the latest phase that has been implemented
164 under subsection (3) of this section.

165 (10) In the event of death of a retired member or a
166 beneficiary thereof who is receiving the additional annual payment
167 in two (2) to six (6) monthly installments under an election made
168 before July 1, 2002, and who would otherwise be eligible to
169 receive the additional benefit provided in this section in one (1)
170 payment in December of the current fiscal year, any remaining
171 amounts shall be paid in a lump sum to the designated beneficiary.

172 **SECTION 2.** This act shall take effect and be in force from
173 and after July 1, 2002.

