To: Finance

MISSISSIPPI LEGISLATURE
REGULAR SESSION 2002

By: Senator(s) Thames

SENATE BILL NO. 2868

AN ACT TO AMEND SECTION 25-13-12, MISSISSIPPI CODE OF 1972, TO REVISE THE CALCULATION OF THE ADDITIONAL ANNUAL BENEFIT FOR MEMBERS AND BENEFICIARIES OF THE HIGHWAY SAFETY PATROL RETIREMENT SYSTEM; TO PROVIDE THAT THE ADDITIONAL BENEFIT SHALL BE THE SUM OF 3% OF THE RETIREMENT ALLOWANCE TIMES THE NUMBER OF FISCAL YEARS IN RETIREMENT BEFORE THE MEMBER REACHES AGE 60, PLUS 3% COMPOUNDED BY THE NUMBER OF FISCAL YEARS IN RETIREMENT BEGINNING WITH THE YEAR IN WHICH THE MEMBER REACHES AGE 60, TIMES THE RETIREMENT ALLOWANCE; TO PROVIDE THAT BEGINNING ON JULY 1, 2003, THE BOARD OF TRUSTEES OF THE RETIREMENT SYSTEM SHALL BEGIN IMPLEMENTING A REDUCTION IN THE AGE AT WHICH COMPOUNDING WILL BEGIN, WHICH SHALL BE IMPLEMENTED IN FIVE PHASES; TO PROVIDE THAT THE AGE WILL BE REDUCED BY ONE YEAR IN EACH OF THE PHASES, UNTIL THE AGE AT WHICH COMPOUNDING WILL BEGIN IS 55 YEARS; TO PROVIDE THAT THE BOARD SHALL IMPLEMENT THE PHASES SYSTEMATICALLY UPON JULY 1 AFTER THE BOARD’S ACTUARY CERTIFIES THAT IMPLEMENTATION OF A PHASE WILL NOT CAUSE THE UNFUNDED ACCRUED ACTUARIAL LIABILITY AMORTIZATION PERIOD FOR THE RETIREMENT SYSTEM TO EXCEED 20 YEARS; TO PROVIDE THAT THE BOARD SHALL HAVE THE EXCLUSIVE AUTHORITY TO SET THE ASSUMPTIONS THAT ARE USED IN THE ACTUARIAL VALUATION; TO PROVIDE THAT THE BOARD SHALL RECALCULATE THE RETIREMENT ALLOWANCE OF ANY RETIRED MEMBER OR BENEFICIARY OF SUCH SYSTEM WHOSE RETIREMENT Began IN EACH PHASE IS IMPLEMENTED TO PROVIDE THAT THE ADDITIONAL BENEFIT SHALL BE PAID IN ONE PAYMENT IN DECEMBER OF EACH YEAR TO THOSE PERSONS WHO ARE RECEIVING A RETIREMENT ALLOWANCE ON DECEMBER 1 OF THAT YEAR, UNLESS AN ELECTION IS MADE TO HAVE THE BENEFIT PAID IN 12 EQUAL MONTHLY INSTALLMENTS; TO ALLOW MEMBERS AND BENEFICIARIES WHO ARE CURRENTLY RECEIVING THE ADDITIONAL ANNUAL PAYMENT IN MONTHLY INSTALLMENTS TO ELECT TO RECEIVE THE ADDITIONAL BENEFIT PROVIDED IN THIS ACT IN ONE PAYMENT EACH YEAR; TO AUTHORIZE THE BOARD TO CHANGE THE MANNER IN WHICH MEMBERS OF THE RETIREMENT SYSTEM RECEIVE THE ADDITIONAL BENEFIT IF THE CURRENT MANNER OF PAYMENT WILL CAUSE A FINANCIAL HARDSHIP TO THE RETIRED MEMBER OR HIS BENEFICIARY; TO PROVIDE THAT IF THE ADDITIONAL BENEFIT IS BEING RECEIVED IN ONE PAYMENT, THE BENEFIT SHALL BE PRORATED BASED ON THE NUMBER OF MONTHS IN WHICH A RETIREMENT ALLOWANCE WAS RECEIVED DURING THE YEAR IN CERTAIN SITUATIONS; AND FOR RELATED PURPOSES.

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

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

25-13-12. (1) Any member who is receiving a retirement allowance for service or disability retirement, or any beneficiary thereof, who has received a monthly benefit for at least one (1) full fiscal year, shall be eligible to receive an additional

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benefit, on December 1 or July 1 of the year as provided in subsection (6) or (7) of this section, equal to the sum of:

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

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

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

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

IMPLEMENTATION TABLE FOR AGE OF COMPOUNDING THE ADDITIONAL BENEFIT

| PHASE | AGE AT WHICH COMPOUNDING THE ADDITIONAL BENEFIT |
BENEFIT BEGINS

Phase 1  Age 59
Phase 2  Age 58
Phase 3  Age 57
Phase 4  Age 56
Phase 5  Age 55

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(4) If a retiree who is receiving a retirement allowance that will terminate upon the retiree’s death is receiving the additional benefit in one (1) payment and dies on or after July 1 but before December 1, the beneficiary designated on the retirement application, if any, shall receive in a single payment a fractional part of the additional benefit based on the number of months in which a retirement allowance was received during the fiscal year. If there is no surviving beneficiary, payment shall be made in accordance with Section 25-13-21.1(1). Likewise, if a retiree is receiving a retirement allowance that will terminate upon the retiree's death in two (2) to six (6) monthly installments, any remaining payments of the additional benefit will be paid in a lump sum to the beneficiary designated on the application, or if none, in accordance with Section 25-13-21.1(1).

Any similar remaining payments of the additional benefit payable under this section to a deceased beneficiary who was receiving a monthly benefit shall be payable in accordance with the provisions of Section 25-13-21.1(2). If the additional benefit is being received in one (1) payment each year, the additional benefit shall be prorated based on the number of months in which a retirement allowance was received during the fiscal year when (i) the monthly benefit payable to a beneficiary terminates due to the expiration of an option, remarriage or cessation of dependent status or due to the retiree's return to covered employment, and
(ii) the monthly benefit terminates on or after July 1 and before December 1.

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

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

(7) Retired members or beneficiaries thereof who are receiving a retirement allowance may elect by an irrevocable agreement in writing filed in the Office of the Public Employees' Retirement System no less than thirty (30) days before July 1 of any year, to begin receiving the additional benefit provided in this section in twelve (12) equal monthly installments beginning on July 1 of the year. This irrevocable agreement shall be binding on the member and subsequent beneficiaries. Payment of those monthly installments shall not extend beyond the month in which a retirement allowance is due and payable. Any retired member or beneficiary thereof who previously elected to receive the additional annual payment in monthly installments may elect, upon application on a form prescribed by the board, to have that payment made in one (1) payment in December of each year.
This written election must be filed in the office of the Public Employees' Retirement System before June 1, 2003, and shall be effective for the fiscal year beginning July 1, 2003. The board, in its discretion, may allow a retired member or a beneficiary thereof who is receiving the additional benefit in monthly installments to have the additional benefit paid in one (1) payment in December of each year if the retired member or beneficiary submits satisfactory documentation that the continued receipt of the additional benefit in monthly installments will cause financial hardship to the retired member or beneficiary.

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

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

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[(1.03)^n - 1] \times \text{[annual retirement allowance]},
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where \( n \) is the number of full fiscal years in retirement beginning with the fiscal year in which the member reaches age sixty (60) or the age established in the latest phase that has been implemented under subsection (3) of this section.

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

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