

By: Representative Busby

To: Appropriations

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 605

1 AN ACT TO AMEND SECTION 25-11-123, MISSISSIPPI CODE OF 1972,
2 TO PROVIDE THAT FROM AND AFTER THE EFFECTIVE DATE OF THIS ACT, THE
3 PUBLIC EMPLOYEES' RETIREMENT SYSTEM CONTRIBUTION RATES FOR
4 EMPLOYERS AND EMPLOYEES THAT WERE IN EFFECT ON JANUARY 1, 2023,
5 SHALL NOT BE INCREASED ABOVE THE RATES UNLESS AUTHORIZED BY
6 AMENDMENT TO THIS SECTION BY THE LEGISLATURE; TO DIRECT THE BOARD
7 OF TRUSTEES OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM TO PRESENT
8 ITS RECOMMENDATIONS TO THE LEGISLATURE BY SEPTEMBER 1, 2023, FOR
9 MAKING CHANGES TO THE RETIREMENT PLAN, WHICH WOULD BE APPLICABLE
10 TO PERSONS WHO BECOME MEMBERS OF THE SYSTEM AFTER A CERTAIN FUTURE
11 DATE, THAT WOULD IMPROVE THE FUNDED STATUS OF THE PLAN AND REDUCE
12 THE NECESSITY FOR PERIODIC INCREASES IN THE EMPLOYER'S
13 CONTRIBUTION RATE; AND FOR RELATED PURPOSES.

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

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

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

22 (a) **Annuity savings account.** In the annuity savings account
23 shall be accumulated the contributions made by members to provide



24 for their annuities, including interest thereon which shall be
25 posted monthly. Credits to and charges against the annuity
26 savings account shall be made as follows:

27 (1) Beginning July 1, 2010, the employer shall cause to
28 be deducted from the salary of each member on each and every
29 payroll of the employer for each and every payroll period nine
30 percent (9%) of earned compensation as defined in Section
31 25-11-103. Future contributions shall be * * * determined
32 biennially by the board on the basis of the liabilities of the
33 retirement system for the various allowances and benefits as shown
34 by actuarial valuation; however, any member earning at a rate less
35 than Sixteen Dollars and Sixty-seven Cents (\$16.67) per month, or
36 Two Hundred Dollars (\$200.00) per year, shall contribute not less
37 than One Dollar (\$1.00) per month, or Twelve Dollars (\$12.00) per
38 year. From and after the effective date of this act, the
39 employee's contribution rate shall not be increased above the rate
40 that was in effect on January 1, 2023, unless authorized by
41 amendment to this section by the Legislature.

42 (2) The deductions provided in paragraph (1) of this
43 subsection shall be made notwithstanding that the minimum
44 compensation provided by law for any member is reduced by the
45 deduction. Every member shall be deemed to consent and agree to
46 the deductions made and provided for in paragraph (1) of this
47 subsection and shall receipt for his full salary or compensation,
48 and payment of salary or compensation less the deduction shall be



49 a full and complete discharge and acquittance of all claims and
50 demands whatsoever for the services rendered by the person during
51 the period covered by the payment, except as to the benefits
52 provided under Articles 1 and 3. The board shall provide by rules
53 for the methods of collection of contributions from members and
54 the employer. The board shall have full authority to require the
55 production of evidence necessary to verify the correctness of
56 amounts contributed.

57 (b) **Annuity reserve.** The annuity reserve shall be the
58 account representing the actuarial value of all annuities in
59 force, and to it shall be charged all annuities and all benefits
60 in lieu of annuities, payable as provided in this article. If a
61 beneficiary retired on account of disability is restored to active
62 service with a compensation not less than his average final
63 compensation at the time of his last retirement, the remainder of
64 his contributions shall be transferred from the annuity reserve to
65 the annuity savings account and credited to his individual account
66 therein, and the balance of his annuity reserve shall be
67 transferred to the employer's accumulation account.

68 (c) **Employer's accumulation account.** The employer's
69 accumulation account shall represent the accumulation of all
70 reserves for the payment of all retirement allowances and other
71 benefits payable from contributions made by the employer, and
72 against this account shall be charged all retirement allowances
73 and other benefits on account of members. Credits to and charges



74 against the employer's accumulation account shall be made as
75 follows:

76 (1) On account of each member there shall be paid
77 monthly into the employer's accumulation account by the employers
78 for the preceding fiscal year an amount equal to a certain
79 percentage of the total earned compensation, as defined in Section
80 25-11-103, of each member. The percentage rate of those
81 contributions shall be * * * determined biennially by the board on
82 the basis of the liabilities of the retirement system for the
83 various allowances and benefits as shown by actuarial valuation.

84 * * * Political subdivisions joining Article 3 of the Public
85 Employees' Retirement System after July 1, 1968, may adjust the
86 employer's contributions by agreement with the Board of Trustees
87 of the Public Employees' Retirement System to provide service
88 credits for any period before execution of the agreement based
89 upon an actuarial determination of employer's contribution rates.
90 From and after the effective date of this act, the employer's
91 contribution rate shall not be increased above the rate that was
92 in effect on January 1, 2023, unless authorized by amendment to
93 this section by the Legislature.

94 (2) On the basis of regular interest and of such
95 mortality and other tables as are adopted by the board of
96 trustees, the actuary engaged by the board to make each valuation
97 required by this article during the period over which the accrued
98 liability contribution is payable, immediately after making that



99 valuation, shall determine the uniform and constant percentage of
100 the earnable compensation of each member which, if contributed by
101 the employer on the basis of compensation of the member throughout
102 his entire period of membership service, would be sufficient to
103 provide for the payment of any retirement allowance payable on his
104 account for that service. The percentage rate so determined shall
105 be known as the "normal contribution rate." After the accrued
106 liability contribution has ceased to be payable, the normal
107 contribution rate shall be the percentage rate of the salary of
108 all members obtained by deducting from the total liabilities on
109 account of membership service the amount in the employer's
110 accumulation account, and dividing the remainder by one percent
111 (1%) of the present value of the prospective future salaries of
112 all members as computed on the basis of the mortality and service
113 tables adopted by the board of trustees and regular interest. The
114 normal rate of contributions shall be determined by the actuary
115 after each valuation.

116 (3) Subject to the provisions of paragraph (1) of this
117 subsection (c), the total amount payable in each year to the
118 employer's accumulation account shall not be less than the sum of
119 the percentage rate known as the "normal contribution rate" and
120 the "accrued liability contribution rate" of the total
121 compensation earnable by all members during the preceding year,
122 provided that the payment by the employer shall be sufficient,
123 when combined with the amounts in the account, to provide the



124 allowances and other benefits chargeable to this account during
125 the year then current.

126 (4) The accrued liability contribution shall be
127 discontinued as soon as the accumulated balance in the employer's
128 accumulation account shall equal the present value, computed on
129 the basis of the normal contribution rate then in force, or the
130 prospective normal contributions to be received on account of all
131 persons who are at that time members.

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

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

139 (7) The employer's accumulation account shall be
140 credited with any assets authorized by law to be credited to the
141 account.

142 (d) **Expense account.** The expense account shall be the
143 account to which the expenses of the administration of the system
144 shall be charged, exclusive of amounts payable as retirement
145 allowances and as other benefits provided herein. The Legislature
146 shall make annual appropriations in amounts sufficient to
147 administer the system, which shall be credited to this account.
148 There shall be transferred to the State Treasury from this



149 account, not less than once per month, an amount sufficient for
150 payment of the estimated expenses of the system for the succeeding
151 thirty (30) days. Any interest earned on the expense account
152 shall accrue to the benefit of the system. However,
153 notwithstanding the provisions of Sections 25-11-15(10) and
154 25-11-105(f) (v)5, all expenses of the administration of the system
155 shall be paid from the interest earnings, provided the interest
156 earnings are in excess of the actuarial interest assumption as
157 determined by the board, and provided the present cost of the
158 administrative expense fee of two percent (2%) of the
159 contributions reported by the political subdivisions and
160 instrumentalities shall be reduced to one percent (1%) from and
161 after July 1, 1983, through June 30, 1984, and shall be eliminated
162 thereafter.

163 (e) **Collection of contributions.** The employer shall cause
164 to be deducted on each and every payroll of a member for each and
165 every payroll period, beginning subsequent to January 31, 1953,
166 the contributions payable by the member as provided in Articles 1
167 and 3.

168 The employer shall make deductions from salaries of employees
169 as provided in Articles 1 and 3 and shall transmit monthly, or at
170 such time as the board of trustees designates, the amount
171 specified to be deducted to the Executive Director of the Public
172 Employees' Retirement System. The executive director, after



173 making a record of all those receipts, shall deposit such amounts
174 as provided by law.

175 (f) (1) Upon the basis of each actuarial valuation provided
176 herein, the board of trustees shall biennially determine the
177 normal contribution rate and the accrued liability contribution
178 rate as provided in this section. The sum of these two (2) rates
179 shall be known as the "employer's contribution rate." * * * The
180 percentage rate of those contributions shall be * * * determined
181 biennially by the board on the basis of the liabilities of the
182 retirement system for the various allowances and benefits as shown
183 by actuarial valuation. From and after the effective date of this
184 act, the employer's contribution rate shall not be increased above
185 the rate that was in effect on January 1, 2023, unless authorized
186 by amendment to this section by the Legislature.

187 (2) The amount payable by the employer on account of
188 normal and accrued liability contributions shall be determined by
189 applying the employer's contribution rate to the amount of
190 compensation earned by employees who are members of the system.
191 Monthly, or at such time as the board of trustees designates, each
192 department or agency shall compute the amount of the employer's
193 contribution payable, with respect to the salaries of its
194 employees who are members of the system, and shall cause that
195 amount to be paid to the board of trustees from the personal
196 service allotment of the amount appropriated for the operation of



197 the department or agency, or from funds otherwise available to the
198 agency, for the payment of salaries to its employees.

199 (3) Except as otherwise provided in Section 25-11-106:

200 (i) Constables shall pay employer and employee
201 contributions on their net fee income as well as the employee
202 contributions on all direct treasury or county payroll income.

203 (ii) The county shall be responsible for the
204 employer contribution on all direct treasury or county payroll
205 income of constables.

206 (4) Except as otherwise provided in Section
207 25-11-106.1, chancery and circuit clerks shall be responsible for
208 both the employer and employee share of contributions on the
209 proportionate share of net income attributable to fees, as well as
210 the employee share of net income attributable to direct treasury
211 or county payroll income, and the employing county shall be
212 responsible for the employer contributions on the net income
213 attributable to direct treasury or county payroll income.

214 (5) Once each year, under procedures established by the
215 system, each employer shall submit to the Public Employees'
216 Retirement System a copy of their report to Social Security of all
217 employees' earnings.

218 (6) The board shall provide by rules for the methods of
219 collection of contributions of employers and members. The amounts
220 determined due by an agency to the various funds as specified in
221 Articles 1 and 3 are made obligations of the agency to the board



222 and shall be paid as provided herein. Failure to deduct those
223 contributions shall not relieve the employee and employer from
224 liability thereof. Delinquent employee contributions and any
225 accrued interest shall be the obligation of the employee and
226 delinquent employer contributions and any accrued interest shall
227 be the obligation of the employer. The employer may, in its
228 discretion, elect to pay any or all of the interest on delinquent
229 employee contributions. From and after July 1, 1996, under rules
230 and regulations established by the board, all employers are
231 authorized and shall transfer all funds due to the Public
232 Employees' Retirement System electronically and shall transmit any
233 wage or other reports by computerized reporting systems.

234 **SECTION 2.** Not later than September 1, 2023, the Board of
235 Trustees of the Public Employees' Retirement System shall present
236 its recommendations to the Legislature for making changes to the
237 retirement plan, which would be applicable to persons who become
238 members of the system after a certain future date, that would
239 improve the funded status of the plan and reduce the necessity for
240 periodic increases in the employer's contribution rate.

241 **SECTION 3.** This act shall take effect and be in force from
242 and after its passage.

