

By: Senator(s) Parker

To: Accountability,
Efficiency, Transparency

SENATE BILL NO. 3231

1 AN ACT TO AMEND SECTION 25-11-123, MISSISSIPPI CODE OF 1972,
 2 TO PROVIDE THAT THE INCREASE IN THE EMPLOYER'S CONTRIBUTION RATE
 3 THAT IS SCHEDULED TO TAKE EFFECT ON JULY 1, 2024, IS RESCINDED AND
 4 SHALL NOT TAKE EFFECT; TO PROVIDE FOR A 1/2% INCREASE IN THE
 5 EMPLOYER'S CONTRIBUTION RATE ON JULY 1 OF EACH YEAR FROM 2024
 6 THROUGH 2028; TO REQUIRE THAT ANY RECOMMENDATION BY THE BOARD OF
 7 TRUSTEES OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM TO ADJUST
 8 EMPLOYER CONTRIBUTIONS BE ACCOMPANIED BY AT LEAST TWO INDEPENDENT
 9 ACTUARIAL ASSESSMENTS; TO ALLOW THE BOARD TO MAKE RECOMMENDATIONS
 10 REGARDING ADDITIONAL FUNDING SOURCES FOR THE RETIREMENT PLAN,
 11 INCLUDING EMPLOYER CONTRIBUTION INCREASES, BASED ON THE PLAN'S
 12 ASSETS AND LIABILITIES, AND THE REQUIRED ACTUARIAL ASSESSMENTS; TO
 13 RESERVE TO THE LEGISLATURE THE AUTHORITY TO IMPLEMENT SUCH
 14 RECOMMENDATIONS; TO EXPRESS THE INTENT OF THE LEGISLATURE THAT, IN
 15 THE 2025 REGULAR SESSION, A LAW BE ENACTED TO CREATE A NEW TIER
 16 FOR FUTURE MEMBERS OF THE SYSTEM, IN FURTHERANCE OF THE SYSTEM'S
 17 CONTINUED FINANCIAL STABILITY AND SUSTAINABILITY; TO SPECIFY THAT
 18 THE SECTION SHALL NOT BE CONSTRUED TO PROVIDE AUTHORITY TO REDUCE
 19 OR ELIMINATE ANY EARNED BENEFITS PROVIDED BY THE STATE TO CURRENT
 20 RETIREES OR CURRENT MEMBERS OF THE RETIREMENT SYSTEM; AND FOR
 21 RELATED PURPOSES.

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

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

25 25-11-123. All of the assets of the system shall be credited
 26 according to the purpose for which they are held to one (1) of
 27 four (4) reserves; namely, the annuity savings account, the



28 annuity reserve, the employer's accumulation account, and the
29 expense account.

30 (a) **Annuity savings account.** In the annuity savings account
31 shall be accumulated the contributions made by members to provide
32 for their annuities, including interest thereon which shall be
33 posted monthly. Credits to and charges against the annuity
34 savings account shall be made as follows:

35 (1) Beginning July 1, 2010, the employer shall cause to
36 be deducted from the salary of each member on each and every
37 payroll of the employer for each and every payroll period nine
38 percent (9%) of earned compensation as defined in Section
39 25-11-103. Future contributions shall be fixed biennially by the
40 board on the basis of the liabilities of the retirement system for
41 the various allowances and benefits as shown by actuarial
42 valuation; however, any member earning at a rate less than Sixteen
43 Dollars and Sixty-seven Cents (\$16.67) per month, or Two Hundred
44 Dollars (\$200.00) per year, shall contribute not less than One
45 Dollar (\$1.00) per month, or Twelve Dollars (\$12.00) per year.

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



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

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

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



78 against the employer's accumulation account shall be made as
79 follows:

80 (1) On account of each member there shall be paid
81 monthly into the employer's accumulation account by the employers
82 for the preceding fiscal year an amount equal to a certain
83 percentage of the total earned compensation, as defined in Section
84 25-11-103, of each member. * * * From and after the effective
85 date of this act, the increase in the employer's contribution rate
86 scheduled to take effect on July 1, 2024, is rescinded and shall
87 not take effect; however, on July 1 of each year from 2024 through
88 2028, the employer's contribution rate shall be increased by
89 one-half percent (1/2%).

90 (2) For the public good, any recommendation by the
91 board to adjust the employer contributions shall be accompanied by
92 at least two (2) assessments from actuaries who are independent
93 from each other and the retirement plan. The actuaries shall
94 analyze the economic impact of any such recommendation to the
95 system and state, including, but not limited to, information
96 showing the fiscal impact to every agency and arm of the state,
97 including, but not limited to, state agencies, cities, counties
98 and school districts. The actuarial assessments, with any such
99 recommendation to adjust the employer contributions, shall be
100 submitted to the Lieutenant Governor, Speaker of the House,
101 Chairman of the Senate Appropriations Committee and Chairman of
102 the House Appropriations Committee.



103 (3) The board shall have the authority to make
104 recommendations regarding additional funding sources for the
105 retirement plan, including employer contribution increases, based
106 on the assets and liabilities of the retirement plan, and the
107 analyses required by paragraph (2) of this subsection (c). The
108 Legislature shall have the sole authority to implement any such
109 recommendations. It is the intent of the Legislature that, in the
110 2025 Regular Session, a law be enacted to create a new tier for
111 future members of the system, in furtherance of the system's
112 continued financial stability and sustainability.

113 (4) This section shall not be construed to provide
114 authority to reduce or eliminate any earned benefits to be
115 provided by the state to persons who, before July 1, 2025, are
116 drawing a retirement allowance or are members of the system.

117 (* * *5) On the basis of regular interest and of such
118 mortality and other tables as are adopted by the board of
119 trustees, the actuary engaged by the board to make each valuation
120 required by this article during the period over which the accrued
121 liability contribution is payable, immediately after making that
122 valuation, shall determine the uniform and constant percentage of
123 the earnable compensation of each member which, if contributed by
124 the employer on the basis of compensation of the member throughout
125 his entire period of membership service, would be sufficient to
126 provide for the payment of any retirement allowance payable on his
127 account for that service. The percentage rate so determined shall



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

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

148 (* * *7) The accrued liability contribution shall be
149 discontinued as soon as the accumulated balance in the employer's
150 accumulation account shall equal the present value, computed on
151 the basis of the normal contribution rate then in force, or the



152 prospective normal contributions to be received on account of all
153 persons who are at that time members.

154 (* * *8) All allowances and benefits in lieu thereof,
155 with the exception of those payable on account of members who
156 receive no prior service credit, payable from contributions of the
157 employer, shall be paid from the employer's accumulation account.

158 (* * *9) Upon the retirement of a member, an amount
159 equal to his retirement allowance shall be transferred from the
160 employer's accumulation account to the annuity reserve.

161 (* * *10) The employer's accumulation account shall be
162 credited with any assets authorized by law to be credited to the
163 account.

164 (d) **Expense account.** The expense account shall be the
165 account to which the expenses of the administration of the system
166 shall be charged, exclusive of amounts payable as retirement
167 allowances and as other benefits provided herein. The Legislature
168 shall make annual appropriations in amounts sufficient to
169 administer the system, which shall be credited to this account.
170 There shall be transferred to the State Treasury from this
171 account, not less than once per month, an amount sufficient for
172 payment of the estimated expenses of the system for the succeeding
173 thirty (30) days. Any interest earned on the expense account
174 shall accrue to the benefit of the system. However,
175 notwithstanding the provisions of Sections 25-11-15(10) and
176 25-11-105(f) (v)5, all expenses of the administration of the system



177 shall be paid from the interest earnings, provided the interest
178 earnings are in excess of the actuarial interest assumption as
179 determined by the board, and provided the present cost of the
180 administrative expense fee of two percent (2%) of the
181 contributions reported by the political subdivisions and
182 instrumentalities shall be reduced to one percent (1%) from and
183 after July 1, 1983, through June 30, 1984, and shall be eliminated
184 thereafter.

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

190 The employer shall make deductions from salaries of employees
191 as provided in Articles 1 and 3 and shall transmit monthly, or at
192 such time as the board of trustees designates, the amount
193 specified to be deducted to the Executive Director of the Public
194 Employees' Retirement System. The executive director, after
195 making a record of all those receipts, shall deposit such amounts
196 as provided by law.

197 (f) (1) * * * The sum of the normal contribution rate and
198 the accrued liability contribution rate * * * shall be known as
199 the "employer's contribution rate." * * *

200 (2) The amount payable by the employer on account of
201 normal and accrued liability contributions shall be determined by



202 applying the employer's contribution rate to the amount of
203 compensation earned by employees who are members of the system.
204 Monthly, or at such time as the board of trustees designates, each
205 department or agency shall compute the amount of the employer's
206 contribution payable, with respect to the salaries of its
207 employees who are members of the system, and shall cause that
208 amount to be paid to the board of trustees from the personal
209 service allotment of the amount appropriated for the operation of
210 the department or agency, or from funds otherwise available to the
211 agency, for the payment of salaries to its employees.

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

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

216 (ii) The county shall be responsible for the
217 employer contribution on all direct treasury or county payroll
218 income of constables.

219 (4) Except as otherwise provided in Section
220 25-11-106.1, chancery and circuit clerks shall be responsible for
221 both the employer and employee share of contributions on the
222 proportionate share of net income attributable to fees, as well as
223 the employee share of net income attributable to direct treasury
224 or county payroll income, and the employing county shall be
225 responsible for the employer contributions on the net income
226 attributable to direct treasury or county payroll income.



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

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

247 **SECTION 2.** This act shall take effect and be in force from
248 and after its passage.

