

By: Senator(s) Thames

To: Finance

SENATE BILL NO. 2868

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 3% OF THE RETIREMENT ALLOWANCE TIMES THE NUMBER OF FISCAL YEARS IN
6 RETIREMENT BEFORE THE MEMBER REACHES AGE 60, PLUS 3% COMPOUNDED BY
7 THE NUMBER OF FISCAL YEARS IN RETIREMENT BEGINNING WITH THE YEAR
8 IN WHICH THE MEMBER REACHES AGE 60, TIMES THE RETIREMENT
9 ALLOWANCE; TO PROVIDE THAT BEGINNING ON JULY 1, 2003, THE BOARD OF
10 TRUSTEES OF THE RETIREMENT SYSTEM SHALL BEGIN IMPLEMENTING A
11 REDUCTION IN THE AGE AT WHICH COMPOUNDING OF THE ADDITIONAL
12 BENEFIT WILL BEGIN, WHICH SHALL BE IMPLEMENTED IN FIVE PHASES; TO
13 PROVIDE THAT THE AGE WILL BE REDUCED BY ONE YEAR IN EACH OF THE
14 PHASES, UNTIL THE AGE AT WHICH COMPOUNDING WILL BEGIN IS 55 YEARS;
15 TO PROVIDE THAT THE BOARD SHALL IMPLEMENT THE PHASES
16 SYSTEMATICALLY UPON JULY 1 AFTER THE BOARD'S ACTUARY CERTIFIES
17 THAT IMPLEMENTATION OF A PHASE WILL NOT CAUSE THE UNFUNDED ACCRUED
18 ACTUARIAL LIABILITY AMORTIZATION PERIOD FOR THE RETIREMENT SYSTEM
19 TO EXCEED 20 YEARS; TO PROVIDE THAT THE BOARD SHALL HAVE THE
20 EXCLUSIVE AUTHORITY TO SET THE ASSUMPTIONS THAT ARE USED IN THE
21 ACTUARIAL VALUATION; TO PROVIDE THAT THE BOARD SHALL RECALCULATE
22 THE RETIREMENT ALLOWANCE OF ANY RETIRED MEMBER OR BENEFICIARY OF
23 SUCH A MEMBER AS EACH PHASE IS IMPLEMENTED; TO PROVIDE THAT THE
24 ADDITIONAL BENEFIT SHALL BE PAID IN ONE PAYMENT IN DECEMBER OF
25 EACH YEAR TO THOSE PERSONS WHO ARE RECEIVING A RETIREMENT
26 ALLOWANCE ON DECEMBER 1 OF THAT YEAR, UNLESS AN ELECTION IS MADE
27 TO HAVE THE BENEFIT PAID IN 12 EQUAL MONTHLY INSTALLMENTS; TO
28 ALLOW MEMBERS AND BENEFICIARIES WHO ARE CURRENTLY RECEIVING THE
29 ADDITIONAL ANNUAL PAYMENT IN MONTHLY INSTALLMENTS TO ELECT TO
30 RECEIVE THE ADDITIONAL BENEFIT PROVIDED IN THIS ACT IN ONE PAYMENT
31 EACH YEAR; TO AUTHORIZE THE BOARD TO CHANGE THE MANNER IN WHICH
32 MEMBERS OF THE RETIREMENT SYSTEM RECEIVE THE ADDITIONAL BENEFIT IF
33 THE CURRENT MANNER OF PAYMENT WILL CAUSE A FINANCIAL HARDSHIP TO
34 THE RETIRED MEMBER OR HIS BENEFICIARY; TO PROVIDE THAT IF THE
35 ADDITIONAL BENEFIT IS BEING RECEIVED IN ONE PAYMENT, THE BENEFIT
36 SHALL BE PRORATED BASED ON THE NUMBER OF MONTHS IN WHICH A
37 RETIREMENT ALLOWANCE WAS RECEIVED DURING THE YEAR IN CERTAIN
38 SITUATIONS; AND FOR RELATED PURPOSES.

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

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

42 25-13-12. (1) Any member who is receiving a retirement
43 allowance for service or disability retirement, or any beneficiary
44 thereof, who has received a monthly benefit for at least one (1)
45 full fiscal year, shall be eligible to receive an additional



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

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

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

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

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

74 IMPLEMENTATION TABLE FOR AGE OF

75 COMPOUNDING THE ADDITIONAL BENEFIT

76 PHASE

AGE AT WHICH

77 COMPOUNDING

78 THE ADDITIONAL



79 BENEFIT BEGINS

80

81 Phase 1 Age 59

82 Phase 2 Age 58

83 Phase 3 Age 57

84 Phase 4 Age 56

85 Phase 5 Age 55

86 * * *

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



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

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

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

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



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

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

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

159 $[(1.03)^n - 1] \times [\text{annual retirement allowance}]$,

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

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

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

