



Employer Update

Quarterly Publication ♦ Winter 2009

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Distribute this Publication to all Administrative, Payroll, and Human Resource Personnel

Employer Contribution Rate Scheduled to Increase

Due to unfavorable actuarial experience for FY 2009, the Public Employees' Retirement System of Mississippi (PERS) consulting actuary, Cavanaugh Macdonald Consulting, LLC, (CMC) advised the PERS Board of Trustees of the necessity to increase the employer contribution rate to maintain the unfunded actuarial accrued liability (UAAL) amortization period at 30 years. At its October meeting, the Board approved the recommendation to increase the rate from 12 percent to 13.56 percent effective July 1, 2010.

In 2005, CMC recommended an employer contribution rate increase from 10.75 percent to 12.5. To minimize the effect on employers, PERS, in conjunction with the leadership of the state legislature, recommended a phased implementation of the increase in 0.55 percent increments over the subsequent four years with annual reevaluations of the process.

The employer rate increased as originally planned for the first two years; however, in conjunction with the FY 2006 actuarial report, the Board decided that the actuarial value of assets be "marked to market" to recognize all realized gains and losses that had occurred to date. This resulted in positive actuarial experience that set the UAAL period at 29.3 years, just below the 30-year maximum period as prescribed by the Governmental Accounting

Standards Board (GASB). Therefore, it was no longer necessary to continue to increase the employer contribution rate to meet the GASB requirement.

So, the Board, after consultation and in conjunction with advice from CMC, made the decision to maintain the rate at 11.85 percent.

This decision was made with the caveat that, should the UAAL period exceed 30 years in the future, increasing the employer rate as had originally been recommended in 2005 would again be necessary.

Unfortunately, due to unfavorable actuarial experience in FY 2008, the Board was compelled to increase the employer contribution rate to 12 percent. Without a significant market correction, contribution rates will increase in future years.

At its December meeting, the Board established an ad hoc committee to study increases in contribution rates.

Employer Contribution Rates	
Fiscal Year Beginning	Percentage of Covered Payroll
July 1, 2005	10.75%
July 1, 2006	11.30%
July 1, 2007	11.85%
July 1, 2009	12.00%
July 1, 2010	13.56% <i>scheduled</i>



The PERS office will be closed for the holidays. See page 8 for PERS' holiday schedule.



PERS Board of Trustees Regulatory Changes

These amendments to existing regulations were approved by the PERS Board of Trustees at their October and December meetings.

To see all PERS Board of Trustees Regulations, visit PERS online at www.pers.state.ms.us/employerservices/selectedregulations.html.

Regulation 33 (amended)

Value of Maintenance

- To clarify that actual travel expenses that are reimbursed by the employer shall not be reported to PERS as maintenance or as earned compensation
- To clarify that the imputed taxable income reported to the Internal Revenue Service (IRS) by an employer for an employee's personal or commuting use of a government-provided vehicle shall not be reported to PERS as maintenance or as earned compensation
- To clarify that a cash allowance provided to an employee or official in lieu of a government-provided vehicle shall not be reported to PERS as maintenance

Miss. Code Ann. §25-1-79(Rev. 2006) provides that it is unlawful for any officer or employee to use, or permit or authorize the use of, any automobile owned by the state for any purpose other than for official business. Because personal use of an agency vehicle is not authorized, the value of any personal use of a government-provided vehicle attributed to an employee, even though required to be reported to the IRS for federal income tax purposes, is not reportable to PERS as earned compensation.

PERS requested that the Department of Finance and Administration (DFA) make a correction to the Statewide Payroll and Human Resource System (SPAHRs) to stop reporting this imputed taxable income to PERS as earned compensation, effective November 1, 2009. The imputed taxable income reported to the IRS by the employer for an employee's use of a government-provided vehicle should not have been reported to PERS. Adjustments will be made in cases where this imputed income has been reported.

Regulation 51 (amended)

Administration of Certification of Accumulated Unused Leave for Service Credit and Lump Sum Payments of Leave at Termination/Retirement

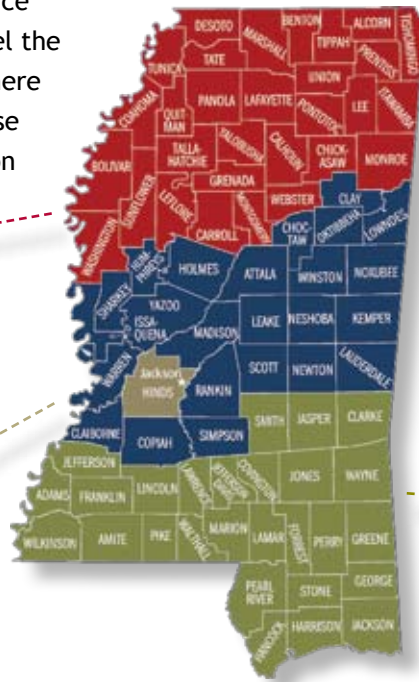
- To clarify that leave earned while participating in another retirement plan administered by PERS, including the Optional Retirement Plan (ORP), may not be certified to PERS for additional service credit
- To clarify that "elected official leave" determined at retirement/termination is based on all elected official service whether obtained as membership service, prior service or purchased as non-covered or retroactive service
- To clarify that state law as evidenced in Miss. Code Ann. §25-1-98, which defines a work day as "eight (8) hours in duration," is used in determining the maximum number of hours for the payment of leave that can be reported to PERS for inclusion in the computation of average compensation at retirement/termination

PERS Field Reps Are Here for Employers, Employees

The four PERS field representatives are available year-round for the convenience of employers and members. They travel the state offering on-site presentations where they explain retirement procedures, use of forms and the effect of legislation on

retirement law, policy and regulations. Additionally, they are available to meet one on one with staff, as needed.

Below is contact information for each representative so that employers may ask questions or schedule a presentation.



Northern District
John Eddleman
jeddleman@pers.ms.gov
601-359-3590



Central District
Jean Clark
jclark@pers.ms.gov
601-359-9355



Hinds County
Dawinna Davis
ddavis@pers.ms.gov
601-359-2235



Southern District
Joe Hines
jhines@pers.ms.gov
601-359-9459

PERS Q&A

- Q. Should employers report to PERS full-time employees from other state agencies who are working with our agency during the summer?
- A. Yes, summertime employees who work full time at other state agencies but who are contracted each summer and have a set number of working hours should be reported to PERS.
- Q. Our agency has not been entering termination dates on employees in WEB-ERS. What do we need to do?
- A. Start entering the applicable wage code and termination date for final payment of regular wages from this point forward when employees terminate. Do not report employees no longer working with your agency.

- Q. Should leave accrued by an elected county official be reported the same way as that accrued by a regular county employee?
- A. Leave should not be certified by an employer for an elected official as PERS uses an elected official leave chart to determine credit toward retirement.
- Q. How can a member receive credit for time that was previously not reported to PERS?
- A. For a member to be credited for time that was not previously reported to PERS, a letter should be sent to PERS Member Account Support explaining the situation, along with the payroll/personnel records showing the member was in a covered position.



Summary of Recent Attorney General Opinions



This is a Summary of Opinions affecting PERS issued since July 2009.

July 16, 2009 - Gunnell

Mississippi teachers, by law, cannot draw a retirement allowance and teach full time. With the incorporation of Senate Bill 2050, out-of-state retired teachers may (depending on negotiations) be able to draw a retirement allowance from another state and earn the full amount of the Mississippi salary scale while teaching full time in the state of Mississippi. The legislature acted within its authority to amend Miss. Code Ann. §37-19-7 to allow school districts to negotiate the salary levels applicable to certificated employees who are receiving retirement benefits from the retirement system of another state. Only in-state teachers must comply with the laws of the Mississippi retirement system regarding reemployment.

July 17, 2009 - Long

The director of marketing for the Gulfport-Biloxi Regional Airport Authority is not a "public officer" within the meaning of that term under Section 109 of the Mississippi Constitution of 1890. The determination of the director of marketing's status as an employee or independent contractor of the

Gulfport-Biloxi Regional Airport Authority after retirement will depend on a number of factors (see MS AG Op., Ready [January 17, 2001]). Whether the director of marketing is reemployed as an employee or as an independent contractor after his retirement, his receipt of benefits from PERS will be subject to the limitations of Miss. Code Ann. §25-11-127 and related PERS regulations.

July 18, 2009 - Brown

Natchez Regional Medical Center may form a Mississippi nonprofit corporation for the purpose of owning, equipping, staffing and operating a medical clinic and may serve as the sole member thereof. The nonprofit may acquire and manage the medical clinic. The hospital may provide financial assistance and in-kind services to the nonprofit. The nonprofit will be a public entity, but its employees, and those of the medical clinic, will be private, not public, employees, who are not subject to public retirement laws under Miss. Code Ann. §25-11-103(z) nor state service under Miss. Code Ann. §25-9-107. The nonprofit's activities will be subject to the public records laws but not open meetings or public purchasing laws.

July 31, 2009 - Smith

A municipality must enact leave policies to ensure that its public safety employees are paid or granted leave time for the same number of holidays as other municipal employees. State law was amended in 2007 to require municipalities to adopt policies to ensure that public safety employees are paid or granted compensatory time for the same number of holidays as other municipal employees. With respect to the amount of compensatory time to be paid/granted for holidays, the amount should be calculated in such a way as to ensure that the employee has received the full benefit of the holiday, like other municipal employees have received. The effect of the statute is to compensate, by payment or granting of compensatory time, the employee as if he or she had worked a normal work day on the designated holiday. The determination as to what number of hours constitutes a normal work day is a factual determination to be made by the governing authority.

PERS Survivor Benefits due to Non-Duty-Related Death of Member*

Lawful Spouse married to a vested member for at least one year prior to the death of that member, the greater of:

- A lifetime benefit calculated under Option 2 (the 100 percent Joint and Survivor Annuity), or
- Twenty percent of the deceased member's average compensation, or
- \$50 per month

Legal Dependent Child of a vested member:

- A benefit equal to 10 percent of the deceased member's average compensation per dependent child, up to 30 percent for three or more children, until the age of 19 (extended to 23 for each child who remains unmarried and a full-time student)

PERS Survivor Benefits due to Duty-Related Death of Member*

Lawful Spouse married to an active member at the time of that member's death:

- A lifetime benefit equal to 50 percent of the deceased member's average compensation unless the spouse qualified for the non-duty related death benefits and those benefits are higher

Legal Dependent Child of an active member:

- A benefit equal to 25 percent of the deceased member's average compensation per dependent child, up to 50 percent for two or more children, until the age of 19 (extended to 23 for each child who remains unmarried and a full-time student)

* All benefits listed apply specifically to the PERS plan. (The MHSPRS and MRS plans differ from the PERS plan.) Also, all listed benefits apply only if the deceased member has no Advanced Application on file with PERS at the time of his or her death.

Employers Should Understand PERS Survivor Benefits

The untimely loss of an employee is difficult, but having a firm understanding of survivor benefits can make navigating these troubled waters a bit easier for employers.

Mississippi state law provides for the payment of certain benefits in the event of the death of a vested member prior to the member's retirement. A surviving spouse and/or dependent children may be eligible for duty-related or non-duty-related survivor benefits. Regardless of who has been named as beneficiary, these statutory benefits are payable first to the statutory beneficiaries, specifically the lawful spouse and/or dependent children of the deceased member. (If the deceased member was eligible to retire and had an *Advanced Application* on file with PERS, any beneficiaries listed on the application will receive the applicable benefits.)

Regarding the duty-related death of a member, Miss. Code Ann. §25-11-114 was enacted in 1984 to provide death benefits, regardless of the years of creditable service, to members of PERS who are killed in the line of performance of duty. To qualify for killed-on-the-job death benefits, the death must be a direct result of an accident or traumatic event occurring in the line of performance of duty.

The term "accident" is defined in Black's Law Dictionary as "any unexpected personal injury resulting from any unlooked for mishap or occurrence; any unpleasant or unfortunate occurrence, that causes injury, loss, suffering or death; some untoward occurrence aside from the usual course of events."

In addition, in MS AG Op., Walker (March 16, 1994), the Office of the Attorney General recognized that the definition of "traumatic event" does not include physical conditions resulting from excessive work effort.



PERS Board of Trustees

Public Schools, Community Colleges to Vote for Board Rep.

Public school and community/junior college employees who are active members of PERS will cast their votes from Jan. 11 through Feb. 11 for representation on the PERS Board of Trustees.

The public school and community/junior college representative position is a six-year term beginning May 1, 2010, and ending April 30, 2016.

All candidates (listed at bottom right) met qualifications in that they are public school or community/junior college employees, have been PERS members for at least 10 years and have filed petitions for candidacy that were signed by at least 25 public school and community/junior college employees who are also members of PERS.

Ballots and candidate biographical information will be mailed to appropriate members on Jan. 11, and voting will be open through 5 p.m. Feb. 11.

Members may vote by mailing completed ballots (no postage required), by phone or online. Information on voting will be included with material mailed to applicable

members. Each member may only vote once.

If no candidate receives a majority of votes, there will be a runoff election between the two candidates receiving the most votes.

The 10-member Board includes the state treasurer, a gubernatorial appointee who is a member of PERS, two retirees, two state employees and one representative each of public schools and community/junior colleges, institutions of higher learning, counties and municipalities. With the exception of the state treasurer and the gubernatorial appointee, board members are elected to staggered six-year terms.

Public Schools, Community/Junior College Board Rep. Candidates

In alphabetical order

- Edward Lee Childress of Corinth, Corinth Public School District Superintendent
- Johnny Downs of Purvis, Lamar County School District Assistant Superintendent
- DeWitt "Bo" Hynes of Brandon, Rankin County School District Director of Human Resources
- Michael Thomas of Madison, Jackson Public Schools Deputy Superintendent
- Joe H. Welch of Mendenhall, Simpson County School District Superintendent of Education

Benson Re-Elected to Board of Trustees



Bill Benson, Lee County chancery clerk, has been re-elected as county employee representative on the PERS Board of Trustees.

Benson of Shannon defeated Joyce Mayberry of Macon. Mayberry is payroll administrator, county inventory control clerk and board

secretary for the Noxubee County Board of Supervisors.

Maximum Reportable Earned Compensation to Remain Same

The Commissioner of the Internal Revenue Service (IRS) has announced that the annual compensation limit for calendar 2010 will remain at \$245,000; therefore, the maximum earned compensation for retirement purposes will remain at \$245,000 per state fiscal year, and proportionally for less than one year of service, through June 30, 2011.

Employers with questions on the maximum reportable earned compensation or other issues should contact PERS Employer Reporting Division at 800-444-7377.

Fiscal Year Beginning	Maximum Covered Earnings
July 1, 2009	\$245,000
July 1, 2010	\$245,000

PERS Pre-Retirement Full-Day Seminar Schedule January - June 2010

PERS will offer Pre-Retirement Full-Day Seminars at no charge to any covered PERS member from 9 a.m. to 4 p.m. on the dates listed below.

Date	Location	Date	Location
Jan. 13	Greenville	April 14	Vicksburg
Jan. 27	Gulfport	April 21	Oxford
Feb. 3	Jackson	May 5	Gulfport
Feb. 10	Senatobia	May 12	Jackson
Feb. 24	Hattiesburg	May 19	McComb
March 3	Meridian	June 2	Booneville
March 10	MS State	June 16	Meridian
March 24	Natchez	June 23	Hattiesburg
April 7	Clarksdale		

Pre-registration of members and guests is required, and participants are asked to arrive by 8:30 a.m. for sign-in and packet allocation.

Seminar topics include: estate planning, Mississippi Deferred Compensation Plan & Trust, Social Security benefits and PERS benefits and options.

Seminars do not provide individual counseling sessions, though each registered member will receive an estimate of benefits.

To register for a seminar, visit PERS online at www.pers.state.ms.us.

To schedule an individual counseling session at the PERS office, call 601-359-3589 or 800-444-7377.

Keep employees informed of upcoming PERS Pre-Retirement Full-Day Seminars.

Clip this schedule of seminars and post it in a common area of the office.



PERS Board of Trustees

Board Chairman &

Retirees Representative

Lester Herrington

State Treasurer

Tate Reeves

Gubernatorial

Appointee

Paul Hurst

Retirees

Representative

Virgil F. Belue

County Employees

Representative

Bill Benson

State Employees

Representatives

Ed LeGrand

H.S. "Butch" McMillan

Municipal Employees

Representative

Tom Lariviere

Institutions of Higher

Learning Representative

Joe Paul

Public Schools and

Community/

Junior Colleges

Representative

Lee Childress



429 Mississippi Street
Jackson, MS 39201-1005

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Welcome to New PERS Agency and Members

Vicksburg Housing Authority

Retirement Coverage, effective 11/1/09,
approved by PERS Board of Trustees
10/27/09

PERS Holiday Schedule

Employers who will be closing early for the upcoming holidays should note that PERS retirement reports and contributions are due the fifth working day of the month to avoid penalties.

PERS will be closed on the following dates:

Christmas Eve
Dec. 24

New Year's Eve
Dec. 31

Christmas Day
Dec. 25

New Year's Day
Jan. 1



Contact PERS

601.359.3589 or 800.444.7377

www.pers.state.ms.us

PERS Employer Hotline

601.359.2090

Providing Benefits for Life