

Public Employees' Retirement System
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PERS

Quarterly Employer Update

Distribute to all Administrative, Payroll, and Human Resource Personnel

ISSUE DATE JUNE 13, 2008

2008 RETIREMENT LEGISLATION

HOUSE BILL No. 833

House Bill No. 833 is the retirement legislation passed by the legislature and approved by the Governor on March 26, 2008. **The following provisions will become effective July 1, 2008:**

Increase the Maximum Reportable Earned Compensation from \$150,000 to \$230,000
The maximum reportable earned compensation for retirement purposes will increase from \$150,000 to \$230,000 per state fiscal year and proportionately for less than one year of service. The increase in the maximum reportable earned compensation is the result of a modification in the definition of earned compensation to coincide with the compensation limit set pursuant to Section 401(a)(17) of the Internal Revenue Code. The Commissioner of the Internal Revenue Service (IRS) sets the maximum employee compensation amount effective January 1 of each calendar year. Pursuant to *House Bill No. 833*, the employee compensation limit as set by the IRS will become the maximum reportable earned compensation effective July 1 of that same calendar year.

If an employee's annual salary equals or exceeds \$230,000, the employer should report earnings of \$19,166.67 monthly beginning with the July 2008 Wage and Contribution Report which is due to PERS by the fifth working day of August. House Bill 833 will be applied prospectively; therefore, total earned compensation will be prorated for calendar year 2008. Thus, to determine the earnings limitation for calendar year 2008, the employer would apply the annual fiscal year limitation of \$150,000 for the first six months of the year (i.e., $\$150,000 \div 2 = \$75,000$, or \$12,500 per month) and the annual fiscal year limitation of \$230,000 for the second six months (i.e., $\$230,000 \div 2 = \$115,000$), resulting in a calendar year 2008 maximum limitation of $\$75,000 + \$115,000 = \$190,000$.

Allow a non-spouse beneficiary to roll over an eligible distribution as allowed by the Pension Protection Act of 2006;

Allow PERS to share certain member information (e.g., addresses, years of service, etc.) with employers as specified by PERS regulation;

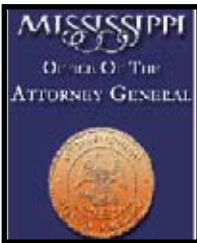
Provide investment authority to establish one overall limit for both domestic and international stocks;

Allow a retroactive effective date (up to 3 months) for retirees who revert from Option 2 or Option 4A to the maximum option following the death of the named beneficiary.



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SUMMARIES OF RECENT OPINIONS

June 22, 2007 (Adrian Lumpkin, Jr.)

Only individuals are eligible to participate in PERS. The employment of a law firm that has a member who is currently receiving PERS retirement benefits, in most instances, will not result in that member being reemployed and subject to the limitations contained in Section 25-11-127. However, there are certain circumstances in which PERS requires the submission of additional information regarding an independent contractor relationship in order to determine that a true independent contractor relationship exists.

August 10, 2007 (Carolyn E. Ray)

An individual appointed to perform the duties of tax assessor/collector is performing the duties of an elected office and would accrue service credit for retirement purposes in the same manner as an elected officer.

September 4, 2007 (Pat Robertson)

There is no authority for a Supreme Court justice or judge of the Court of Appeals, taking such office after December 31, 2003, to commence reporting of the expense allowance to PERS for retirement purposes after December 31, 2003. (See MCA Section 25-3-35(1) and (2).)

October 29, 2007 (Jackson M. Brown)

A public defender's salary is set by the board of supervisors, and Section 96 of the Constitution prohibits him/her from receiving additional compensation in the form of "attorney fees" for mental commitment work, one of his/her statutory duties.

November 2, 2007 (Thomas M. McElroy)

Northeast Mississippi Natural Gas District may adopt leave policies which are more liberal than and exceed those benefits granted to state employees in Section 25-3-93 (personal leave), 25-3-95 (medical leave). However, leave benefits in excess of those granted to state employees may not be reported to PERS for purposes of determining creditable service and retirement benefits.

December 7, 2007 (Robert M. Carter)

A municipality may not pay for and provide health and accident insurance coverage, as part of a severance package, to an individual who is a retired employee of the municipality. There is no authority for a municipality to provide continued coverage of insurance benefits to persons who were municipal employees, unless, pursuant to Section 25-15-103, a retired employee elects to remain a member of the municipal group plan at his own expense with the approval of the insurance carrier.



Completing Membership Information



When there are changes in membership information, i.e., new member, change of beneficiary, marital status, etc., PERS must be notified and the proper PERS *Forms* should be completed to make these changes. *All forms are available to print from the Forms Library on the PERS website at: www.pers.state.ms.us*

PERS FORM 1, ENROLLMENT FORM

PERS Form 1, *Enrollment Form*, must be completed by the employee and the employing agency and submitted to PERS within five (5) days of the employee's start date.

PERS FORM 1B, BENEFICIARY NOMINATION

PERS Form 1B, *Beneficiary Nomination*, should also be completed by the employee and the employing agency and submitted to PERS. This form provides the new employee with the opportunity to specify who his or her beneficiary should be. The form may be revised by the employee at any time and submitted to PERS as changes are desired.

PERS FORM 4A, NONCOVERED EMPLOYMENT ACKNOWLEDGEMENT

PERS Form 4A, *Noncovered Employment Acknowledgement*, should be completed by the employing agency when an employee is hired into a noncovered position, e.g. part-time or temporary worker. The form should be completed and submitted by the employing agency within five (5) days of the start of non-covered employment.

PERS FORM 1C, CHANGE OF INFORMATION

PERS Form 1C, *Change of Information*, should be completed by the employee, verified by the employing agency, and submitted to PERS whenever the employee wishes to make changes to his or her name, address or family information. (*This applies only to employers who do not report to PERS through WEB-ERS.*)

NOTE:

For those employers who are submitting their monthly wage and contributions report through the new web-based reporting system (WEB-ERS), any change in the member's name or address should be submitted through the monthly report. Those employers who have not migrated to WEB-ERS should continue submitting the name and address changes to PERS via **Form 1C, Change of Information**.

PERS Board Regulation 35 - Filing an Application for Monthly Benefits and Establishing an Effective Date of Retirement

Effective July 1, 2008, receipt of PERS Form 9A SRVC, *Pre-Application for Service Retirement Benefits*, will be used in setting the effective date of retirement provided that all other forms in the Application Packet are received in the PERS office no later than ninety (90) days following the effective date of retirement as established upon receipt of the PERS Form 9A, SRVC. All forms in the Application Packet must be on file in the PERS office before benefit payments can be initiated. Failure to submit all required forms in the Application Packet within ninety (90) days following the effective date of retirement, as established upon receipt of the 9A SRVC, will require the completion of a new Application Packet. The Application Packet consists of:

- PERS Form 9A SRVC, *Pre-Application for Service Retirement Benefits*;
- PERS Form 9S, *Final Application for Service Retirement Benefits*/PERS Form 9P, *Payroll Authorization*;
- Form PLSO, *Partial Lump Sum Option Distribution Election* (if applicable); and
- Proofs of birth of applicant and beneficiary(ies), if selecting a joint and survivor option.

The amended regulation incorporates current statute, regulation, and administrative practice and procedure so that members, retirees, and PERS staff have clear guidance regarding the requirements for filing an application, the effective date of such application, and which documents or laws control in the event of certain situations. PERS Board Regulation 35 has been further amended to:

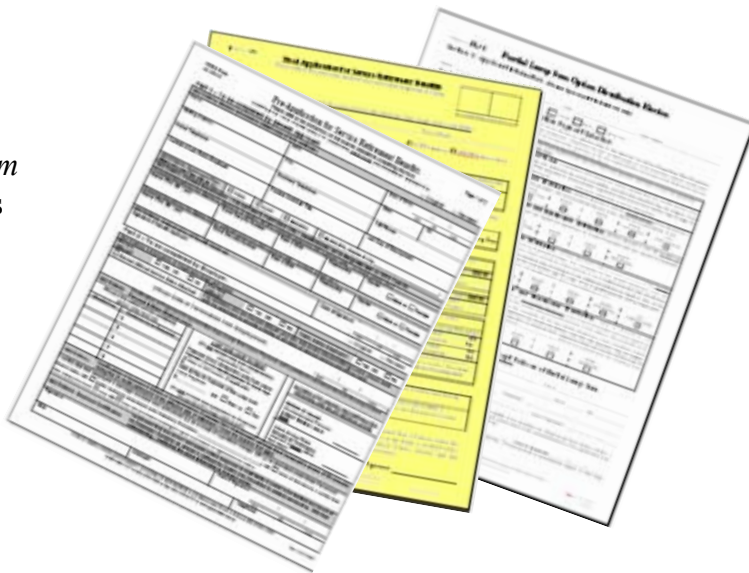
- Clarify that an effective date of retirement may be no earlier than the first of the month following the completion of the purchase of eligible service credit or repayment of a refund.
- Clarify who is eligible to file an Advanced Application and when it is effective.
- Clarify the effect of an applicant's death on the payment of benefits where such applicant dies:
 - With an Advanced Application on file but before the effective date of retirement based on a regular application;
 - On or after the effective date of retirement but before benefits have begun;
 - After having returned to work after a prior retirement but before the reemployed retiree has worked for more than six (6) months;
 - After having returned to work after a prior retirement and has worked for more than six (6) months, where the applicant has filed a new Advanced Application as well as where the applicant has not filed a new Advanced Application.
- Outline the circumstances under which a retiree may change the option selected at his/her retirement.
- Specify the effect of death on the repayment of a refund or purchase of service credit when making an application for benefits.

The amendment incorporates the new statutory provision effective July 1, 2008, which allows an election to revert ("pop-up") from Option 2 or Option 4A to the maximum retirement allowance after the death of a retired member's designated beneficiary to be applied retroactively for not more than three (3) months, and no earlier than the first of the month following the date of the death of the beneficiary.

The amendment also incorporates a provision to allow the PERS Executive Director to extend the ninety-day period for completing the application if the applicant can demonstrate that failure to complete the application or to provide the necessary information for the completion of the application was due to circumstances beyond his or her control.

Steps to Retirement:

1. PERS Form 9A SRVC, *Pre-Application for Service Retirement Benefits*, establishes the effective date of retirement. (This form is available for print from the Forms Library on the PERS website at: www.pers.state.ms.us)
2. Case managers provide account-specific *Final Estimates of Benefits* to applicants, along with PERS Form 9S, *Final Application for Service Retirement Benefits*, and 9P, *Payroll Authorization*, (plus Form *PLSO*, *Partial Lump Sum Option Distribution Election*, if applicable). (These forms are mailed with the final estimate once a PERS Form 9A SRVC has been received, the account audited, and final estimates prepared.)
3. PERS Forms 9S and 9P (plus, Form *PLSO*, if applicable) provide case managers with information necessary to complete account setup. Other required information must also be on file (e.g., birth certificate of applicant, birth certificate(s) of designated beneficiary(ies)).
4. If the case manager has not received all the required information, a notice is sent to the applicant.
 - a. 1st notice sent 15 days before the designated date of retirement
 - b. 2nd notice sent 15 days after the designated date of retirement
 - c. 3rd notice sent 45 days after the designated date of retirement
 - d. 4th and final notice sent 75 days after the designated date of retirement
 - i. Receipt of the information on or before 90 days past the designated date of retirement maintains that date of retirement, and applicant is setup on retiree payroll.
 - ii. If the information is not received on or before 90 days past the designated date of retirement, the application is **voided** and the applicant must apply again (**with a new date of retirement**) to receive retirement benefits.



In order to ensure a member receives his or her first retirement check on the first of the month of retirement, PERS recommends that the member submit the PERS Form 9A SRVC at least 90 days prior to when he or she plans to retire.

QUESTIONS & ANSWERS

Q. Should the employer review PERS Form 4B (*Certification/Acknowledgement of Reemployment of PERS Service Retiree*), for accuracy (e.g., missing signatures, amounts entered in Part A of the employee certification section that are not one half of the salary, or amounts or hours that have been left blank, etc.) or does that responsibility belong to PERS?

A. Because the employer is required to certify that the information on the form is true and correct, the employer has the responsibility and an obligation to ensure that the form is completed accurately. PERS also reviews the forms upon receipt to make sure that all required fields are filled.

Q. Should an employer require a new PERS Form 4B with each new employment action on a rehired retiree? For example, if the rehired retiree starts working in one position and had a PERS Form 4B with the salary entered for that position and accepts an additional position, should the employer require a new PERS Form 4B with the new salary entered?

A. During the fiscal year, the employer should file a revised PERS Form 4B any time that the information previously certified for a single full-time position under Part A of the Employer Certification Section changes. If the retiree accepts additional positions or additional

duties that will not change the amounts previously certified for the single full-time equivalent position, no need exists to revise the original form.

Q. If a rehired retiree accepts additional positions with the same employer, should the employer verify if the rehired retiree has surpassed his or her original PERS Form 4B salary amount or the number of hours the rehired retiree is working or is that a responsibility that belongs to PERS?

A. Because the employer, by law, cannot employ the retiree outside the lawful limits (other than as a true independent contractor), the employer has the responsibility and an obligation to ensure that the retiree does exceed the lawful limits.

Q. If an employee who is not yet age 60 discontinues service before having 25 years of service credit and the employer certifies 15 days of accumulated leave, will that employee receive 1/4 year of service credit when the employee seeks retirement?

A. Assuming the employee is vested, the employee's accumulated leave days that were previously certified to PERS will be converted to service credit (e.g., 15 days to 1/4 year) upon retirement at age 60.



FY 2009 CONTRIBUTION RATES

EFFECTIVE JULY 1, 2008, **MISSISSIPPI HIGHWAY SAFETY PATROL RETIREMENT SYSTEM (MHSPRS) EMPLOYEE CONTRIBUTION RATE WILL INCREASE FROM 6.50% TO 7.25%.** THE PERS BOARD OF TRUSTEES APPROVED THE RECOMMENDATION BY THE MHSPRS ADVISORY BOARD TO INCREASE THE EMPLOYEE CONTRIBUTION RATE OF THE MHSPRS ACTIVE MEMBERS AT THE PERS BOARD MEETING ON APRIL 15, 2008.

THE **PUBLIC EMPLOYEES' RETIREMENT SYSTEM EMPLOYER CONTRIBUTION RATE WILL REMAIN 11.85% OF COVERED PAYROLL FOR FISCAL YEAR 2009.**



ELECTION NEWS



*JOHN L. MULHOLLAND RE-ELECTED
AS
STATE EMPLOYEE REPRESENTATIVE
TO THE
PERS BOARD OF TRUSTEES*

On April 15, 2008, the Board of Trustees of the Public Employees' Retirement System of Mississippi (PERS) certified the results of the election of the State Employee Representative to the Board. Mr. John L. Mulholland, Deputy Director, State Personnel Board, was re-elected as the State Employee Representative to the Board to fill the six-year term beginning July 1, 2008, and ending June 30, 2014.

Mr. Mulholland will continue to represent the interests of all state employees who participate in PERS.

*PERS BOARD
MUNICIPAL EMPLOYEE REPRESENTATIVE*

The Public Employees' Retirement System (PERS) Board of Trustees has scheduled an election for a Municipal Employee Representative to the Board. The election is for a six-year term beginning January 1, 2009 and ending December 31, 2014. PERS 10-member Board of Trustees is responsible for establishing policies governing general administration of PERS and proper operation of the systems administered by PERS.

To qualify as a candidate for this election, the employee must meet the following criteria:

- Must be an employee of a PERS-covered municipal employer;
- Must be a member of PERS for at least 10 years;
- Must file with PERS a petition signed by at least twenty-five (25) municipal employees who are also members of PERS. (*Petitions may be obtained from the employee's human resource or personnel office after July 14, 2008.*)

All officials and employees of all municipalities who participate in the retirement system are eligible to vote. The municipal employee will have **3 options for voting... but may only vote once.** The municipal employee may vote by mailing completed ballots to

PERS (*no postage required*), by telephone, or via the internet.

The PERS Board has approved the following schedule for this election:

<i>July 14</i>	<i>PERS mails notices and petitions to agencies</i>
<i>August 13</i>	<i>Deadline for receipt of petitions from potential candidates (5:00 p.m.)</i>
<i>September 15</i>	<i>PERS mails ballots to employees</i>
<i>October 15</i>	<i>Deadline for receipt of ballots from employees (5:00 p.m.)</i>
<i>October 17</i>	<i>PERS counts ballots</i>
<i>October 28</i>	<i>PERS Board certifies election results at regularly scheduled meeting</i>
<i>Runoff (if necessary)</i>	
<i>November 3</i>	<i>PERS mails ballots for runoff to employees</i>
<i>December 8</i>	<i>Deadline for receipt of ballots from employees (5:00 p.m.)</i>
<i>December 10</i>	<i>PERS counts ballots</i>
<i>December 16</i>	<i>PERS Board certifies runoff results at regularly scheduled meeting</i>

PERS BOARD MEMBER TO RETIRE



DR. RICHARD C. MILLER

DR. RICHARD C. MILLER, THE SENIOR MEMBER TO THE PERS BOARD OF TRUSTEES, HAS ANNOUNCED HIS RETIREMENT FROM THE BOARD EFFECTIVE JUNE 30, 2008. DR. MILLER'S TERM ON THE BOARD WAS TO EXPIRE DECEMBER 31, 2010.

DR. MILLER HAS SERVED THE BOARD AS THE INSTITUTION OF HIGHER LEARNING REPRESENTATIVE SINCE 1992. HE SERVED THE STATE OF MISSISSIPPI FOR ALMOST 40 YEARS AS A PHYSICIAN AT THE UNIVERSITY OF MISSISSIPPI MEDICAL CENTER WHERE HE WAS AN ASSOCIATE DEAN.

DR. MILLER'S DEDICATION AND COMMITMENT TO THE MISSION OF PERS WILL TRULY BE MISSED AND WE WISH HIM ALL THE BEST IN HIS RETIREMENT.

THE PERS BOARD OF TRUSTEES WILL ANNOUNCE A SPECIAL ELECTION TO FILL DR. MILLER'S UN-EXPIRED TERM AT THE JUNE BOARD MEETING. FOR MORE INFORMATION ON THIS ELECTION, PLEASE VISIT THE PERS WEBSITE AFTER JUNE 24, 2008.

For further information on any of the information in this newsletter or on other PERS topics, call us at 1.800.444.7377 or visit our website at www.pers.state.ms.us

NEW AGENCY AGREEMENTS/ MODIFICATIONS

- Booneville Housing Authority (Agency #0568-000)
Retirement Coverage, effective 3/01/2008, approved by PERS Board of Trustees 2/26/2008
- Scott County Board of Supervisors (Agency #0043-000)
Retirement Coverage for Constables effective 3/01/08, approved by PERS Board of Trustees 2/26/2008
- Town of Sledge (Agency #0642-000)
Retirement Coverage for Mayor and Board of Aldermen, effective 3/01/2008, approved by PERS Board of Trustees 2/26/2008

UPCOMING STATE HOLIDAY



PERS WILL BE CLOSED

**INDEPENDENCE DAY
JULY 4, 2008**