



# Employer Update

Quarterly Publication ♦ Spring 2011

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

## Employer contribution rate increases delayed

Employer contribution rate increases scheduled to go into effect July 1, 2011, have been delayed six months.

At their October meeting, the Public Employees' Retirement System of Mississippi (PERS) Board of Trustees approved rate increases from 12 to 12.93 percent for PERS-covered employers, 6.65 to 7.40 percent for the Supplemental Legislative Retirement Plan (SLRP) and 30.30 to 35.21 percent for the Mississippi Highway Safety Patrol Retirement System (MHSPRS). However, in response to a request from leaders in the Mississippi Legislature, the Board took action at its February meeting and the

MHSPRS Administrative Board voted in March to delay any employer contribution rate increase until January 1, 2012.

In a letter to the PERS Board, the Lt. Governor and the Speaker of the Mississippi House of Representatives requested delays in the implementation of the increases due to the current state of the economy and the negative fiscal impact on the state budget.

The delays will give a slight reprieve to employers' budgets this calendar year; however, additional increases are anticipated over the next several years. While the actual amount will be determined based on the results of the June 30, 2011, actuarial valuation, the employer contribution rate for PERS is projected to increase to approximately 14.17 percent, effective July 1, 2012, on advice by PERS actuary Cavanaugh MacDonald Consulting, LLC.

### 2010-2012 Employer and Member Contribution Rates

From	To	Employer	Member	Maximum Covered Earnings
Public Employees' Retirement System of Mississippi				
July 1, 2010	December 31, 2011	12.00%	9.00%	\$245,000 annually
January 1, 2012	June 30, 2012	12.93%	9.00%	\$245,000 annually
July 1, 2012	June 30, 2013	TBD*	TBD*	TBD*
Mississippi Highway Safety Patrol Retirement System				
July 1, 2010	December 31, 2011	30.30%	7.25%	**
January 1, 2012	June 30, 2012	35.21%	7.25%	**
July 1, 2012	June 30, 2013	TBD*	TBD*	**
Supplemental Legislative Retirement Plan				
July 1, 2010	December 31, 2011	6.65%	3.00%	Same as PERS
January 1, 2012	June 30, 2012	7.40%	3.00%	Same as PERS
July 1, 2012	June 30, 2013	TBD*	TBD*	Same as PERS

\* To be determined  
 \*\* Not to exceed the annual salary of the Commissioner of Public Safety



## Changes for return-to-work retirees take effect July 1

Employers should be aware that House Bill 957 (H.B. 957), which passed during the 2010 Regular Legislative Session and was approved by the Governor April 28, 2010, will affect PERS members who decide to retire on or after July 1, 2011, and then return to work.

H.B. 957 provides that a member who retires on or after July 1 must be retired for not less than 90 consecutive days from his or her effective date of retirement, or such later date as established by the PERS Board of Trustees, before he or she may be reemployed on a limited basis. No emergency waiver of this waiting period will be available for individuals who retire on or after July 1.

For members in municipal or county elected office who decide to retire, H.B. 957 allows them to continue in office at retirement without a break in service provided they have reached age 62, or as otherwise provided by the Internal Revenue Service.

Furthermore, H.B. 957 provides that the employer of any retired member who is working after retirement (other than local elected officials) will pay the full amount of the employer's contributions on the amount of compensation received by the retiree for his or her post-retirement limited employment. For reemployed local elected officials, employers are required to pay employer contributions on the full salary in effect for the position.

## Summary of Recent Attorney General Opinions

Below is a summary of recent Attorney General Opinions that affect PERS.

### October 1, 2010 - Webb

According to Section 25-11-123, the county board of supervisors is obligated to pay the employer contribution for direct payments made by the county to constables for services rendered to the county (i.e., salary), and these payments may be made out of the general fund. However, the constable is considered self-employed for the fee portion of his or her earnings and must pay both the employer and employee contribution. The county is not authorized to pay the employer and employee contributions on fees earned by the constable.

### November 8, 2010 - Myers

The city of Hattiesburg does not have the authority to change the amount of Cost-of-Living Adjustment (COLA) payment from the amount specified by law (Section 1 of H.B. 1778, passed in the 2009 Regular Legislative Session) from its Disability and Relief Fund for Firemen and Policemen.

## Option 4 added to pop-up and pop-down provisions of PERS, SLRP and MHSPRS

House Bill 859 (H.B. 859), which passed during the 2011 Regular Legislative Session and was approved by the Governor March 11, 2011, provides pop-up and pop-down provisions for Option 4, the 75 percent joint and survivor annuity, under PERS and the Supplemental Legislative Retirement Plan (SLRP), effective July 1, 2011.

For PERS and SLRP members who retire on or after July 1, 2012, the actuarial equivalent factor used to compute the reduced retirement allowance at retirement or upon

any subsequent recalculation of benefit shall be the factor for the age of the retiree and his or her beneficiary at the time of retirement or at the time an election for recalculation of benefits is made.

H.B. 859 also added Option 4 to the Mississippi Highway Safety Patrol Retirement System (MHSPRS) and makes this option available to members who retire on or after July 1, 2011. This option also was added to the MHSPRS pop-up and pop-down provisions, effective July 1, 2011.

# Legislation establishes formula and COLA for PERS members hired on or after July 1, 2011

Legislation passed during the 2011 Regular Legislative Session set the service retirement formula and Cost-of-Living Adjustment (COLA) for members of the new PERS retirement tier that was established during the 2010 Regular Legislative Session.

Senate Bill 3078, which was passed during the 2010 Regular Legislative Session, created Tier 4 (see chart below) for persons who become members of PERS on or after July 1, 2011. Members in this tier are required to have 30 years of creditable service regardless of age to be eligible for retirement and they must have 33 years of creditable service to select a partial lump sum distribution.

Senate Bill 2439 (S.B. 2439), approved by the Governor March 30, 2011, established the retirement formula and COLA for members of this fourth tier.

Except as otherwise provided, the formula for those who join the System on or after July 1, 2011, is 2 percent of average compensation for each of the first 30 years of creditable service and 2.5 percent of average compensation for each year beyond 30, with no minimum monthly benefit. For members of this tier, S.B. 2439 also provides an actuarial reduction in the benefit for each year of creditable service below 30 or the number of years in age that the member is younger than 65, whichever is less.

The COLA for persons who become members of the System on or after July 1, 2011, is 3 percent of the annual retirement allowance for each full fiscal year in retirement up to the fiscal year in which the retired member reaches age 60, plus 3 percent compounded for each full fiscal year thereafter.

## PERS Retirement Tiers

Tier	PERS Entry Date	Vesting Period	Retirement Eligibility	Service Retirement Formula	PLSO Eligibility	Non-Duty Related Disability Plan
1	June 30, 1992, or earlier	4 years	25 years at any age or age 60 and vested	2.0% per year for up to 25 years, plus 2.5% per year for each year over 25; minimum monthly benefit under single-life annuity of \$10 per month for each year of service	28 years at any age or age 63 and vested	Age-limited, unless elected coverage under the Tiered Disability Plan
2	July 1, 1992, through June 30, 2007	4 years	25 years at any age or age 60 and vested	2.0% per year for up to 25 years, plus 2.5% per year for each year over 25; minimum monthly benefit under single-life annuity of \$10 per month for each year of service	28 years at any age or age 63 and vested	Tiered
3	July 1, 2007, through June 30, 2011	8 years	25 years at any age or age 60 and vested	2.0% per year for up to 25 years, plus 2.5% per year for each year over 25; minimum monthly benefit under single-life annuity of \$10 per month for each year of service	28 years at any age	Tiered
4	July 1, 2011, or later	8 years	30 years at any age or age 60 and vested	2.0% per year for up to 30 years, plus 2.5% per year for each year over 30, with an actuarial reduction for each year of creditable service below 30 or for each year in age below age 65, whichever is less; no minimum monthly benefit	33 years at any age	Tiered

## PERS Board of Trustees

# Regulatory Changes

*These amendments to existing regulations were approved by the PERS Board of Trustees at their April meeting. To see all PERS Board of Trustees Regulations, visit PERS online at [www.pers.state.ms.us/employerservices/selectedregulations.html](http://www.pers.state.ms.us/employerservices/selectedregulations.html).*

### Regulation 28 (amended)

Benefits for members withdrawing from service prior to age 60

*Effective date July 1, 2011*

- Reflects the change in retirement eligibility made by S.B. 3078 of the 2010 Regular Legislative Session, which provides that, in order for a person who becomes a member of the System on or after July 1, 2011, to retire based on years of service, he or she must have at least 30 years of creditable service at the time of retirement.

### Regulation 34 (amended)

Reemployment after retirement

*Effective date July 1, 2011*

- Reflects the changes to the reemployment provisions made by House Bill 957 (2010 Regular Legislative Session), which was approved by the Governor April 28, 2010.
- Provides that a retiree must be retired for not less than 90 consecutive days from his or her effective date of retirement, or such later date as established by the PERS Board of Trustees, before he or she may be reemployed on a limited

basis. Applicable sections of Regulation 34 were amended to replace the 45-day separation period with the 90-day separation period effective July 1, 2011. Further, the waiver provision was deleted in its entirety as the statute provides no exceptions to the required 90-day separation period.

- Incorporates the reemployment provision for special judges, which is found in Miss. Code Ann. §9-1-105.
- Provides that the employer of any retired member who is working after retirement (other than local elected officials) will pay the full amount of the employer's contributions on the amount of compensation received by the retiree for his or her post-retirement employment. Contract workers (i.e., contract personnel who do not meet the criteria of independent contractors) are subject to the provisions of Miss. Code Ann. §25-11-127. (For reemployed local elected officials, employers are required to pay employer contributions on the full salary in effect for the position.)

#### Regulation 44 (amended)

##### Refund of member contributions

Effective date July 1, 2011

- Extends the required separation period before issuance of a refund from 45 to 90 days from the date of termination from employment or from the date of receipt of the properly completed application, whichever is later.
- Clarifies the definition of “emergency” for purposes of issuing a refund after termination from employment but before the required separation period.

#### Regulation 48 (amended)

##### Partial Lump Sum Option (PLSO)

Effective date July 1, 2011

- Reflects the change in eligibility for the partial lump sum option made by S.B. 3078 of the 2010 Regular Legislative Session, which provides that, in order for a person who becomes a member of the System on or after July 1, 2011, to select the partial lump sum option, he or she must have at least 33 years of creditable service at the time of retirement.

#### Regulation 54 (amended)

##### Administration of retired public safety officer retirement distribution for health insurance

Effective date July 1, 2011

- Reflects the change in retirement eligibility made by S.B. 3078 of the 2010 Regular Legislative Session, which provides that, in order for a person who becomes a member of the System on or after July 1, 2011, to retire based on years of service, he or she must have at least 30 years of creditable service at the time of retirement.

#### Regulation 60 (amended)

##### Contribution rates

Effective date January 1, 2012

- Reflects the PERS Board’s action to increase the employer contribution rates for PERS/ORP and SLRP effective January 1, 2012, and the Mississippi Highway Safety Patrol Retirement System (MHSPRS) Administrative Board’s action to increase the employer contribution rate for MHSPRS effective January 1, 2012.



## PERS Q&A

**Q. Can a member buy additional creditable service to retire earlier than scheduled?**

**A.** No authority exists to allow a member to simply buy time in order to meet the minimum years of service necessary to qualify for retirement. A member may only purchase actual service that qualifies for purchase (e.g., out-of-state service, professional leave, non-covered public service, previously refunded service and certain active-duty military service).

**Q. If an individual retires then decides to return to work for a covered agency after his or her retirement application has been filed but before his or her required separation period, would he or she still be considered a retiree?**

**A.** If a service retiree returns to work with a covered agency in any capacity before the required separation period (either 45 days or 90 days, as applicable), his or her service retirement should be automatically cancelled. If the service retiree returns to work with a covered agency after the required separation period, and he or she is not working under the limited reemployment provisions (i.e., half time/half pay or 25 percent of final average compensation), he or she would again become a contributing member of PERS and his or her service retirement would be cancelled.

## Legislation outlines chancery and circuit clerks contributions

In March, the Governor approved Senate Bill 2437 (S.B. 2437), which provides guidelines for the collection of contributions to PERS from chancery and circuit clerks.

Effective March 14, 2011, the bill codifies Miss. Code Ann. §25-11-106.1 to provide that the county is responsible for paying employer contributions, and the chancery or circuit clerk is responsible for paying employee contributions, to PERS on net income attributable to direct treasury or county payroll income to the chancery or circuit clerk from the county. However, the chancery or circuit clerk is responsible for paying both the employee and employer contributions on the proportionate share of net income attributable to fees.

The county board of supervisors may prospectively elect by majority vote to be responsible for the employer share of contributions on the proportionate share of net income attributable to fees for contributions required for calendar years beginning on or after January 1, 2011. Such election, however, will be irrevocable until the board of supervisors takes office for the next succeeding term and may elect whether to continue such election. Notice

of such election shall be filed with the executive director of PERS within five days after the election is made.

Additionally, effective beginning with calendar year 2010, should the chancery or circuit clerk fail to make full payment of contributions to PERS as required, the county, upon written notice from PERS, will redirect to PERS any and all payments due to the chancery or circuit clerk until the delinquent contributions (including accrued interest) are paid in full.

The bill also amends Miss. Code Ann. §9-1-43 to provide that employer contributions made to PERS under §25-11-106.1 and §25-11-123 (f) (4) may be deducted in determining the maximum amount of fees as compensation chancery or circuit clerks may receive for their services.

To read S.B. 2437 in its entirety, which details both the employer and employee responsibilities in the collection of contributions to PERS by chancery and circuit clerks, visit [billstatus.ls.state.ms.us/documents/2011/pdf/SB/2400-2499/SB2437SG.pdf](http://billstatus.ls.state.ms.us/documents/2011/pdf/SB/2400-2499/SB2437SG.pdf).

## PERS offers pre-retirement seminars for members

PERS offers Pre-Retirement Full-Day Seminars each month at locations around the state and at no charge to any PERS-covered member. Topics include estate planning, Mississippi Deferred Compensation, 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.

Pre-registration of members and guests is required, and participants are asked to arrive before 9 a.m. for sign-in and packet allocation. Each session runs from 9 a.m. to 4 p.m. For seminar schedule and registration, visit PERS online at [www.pers.state.ms.us](http://www.pers.state.ms.us) or call 601-359-3589 or 800-444-7377.

## Get the latest PERS news straight to your e-mail inbox

In an effort to provide our employers with the most up-to-date information, PERS sends Employer eUpdates out via e-mail regarding legislative and/or administrative changes that affect the retirement plans administered by PERS.

To view the archive of past eUpdates or to subscribe to this free service, visit the PERS eUpdates page online at [www.pers.state.ms.us/employerservices/employereupdates.cfm](http://www.pers.state.ms.us/employerservices/employereupdates.cfm) and submit your e-mail address.



# PERS to offer annual employer training

PERS will host eight Employer Training workshops this summer throughout the state.

Employer Training is held annually to provide information to personnel responsible for the administration of benefits and reporting of wage information for covered employees.

Topics will include the upcoming employer contribution rate increase (details on cover), legislative and regulatory updates, reemployment information and reporting processes. Each workshop will feature a presentation by the Mississippi Deferred Compensation Plan & Trust.

These workshops are free to employers but require pre-registration. With the exception of July 18, all workshops will run from 9 a.m. to 12 p.m. with sign-in beginning at 8:30 a.m. Employer training for July 18 will run from 12:30 p.m. to 3:30 p.m. with sign-in beginning at 12 p.m.

Pre-register online at [www.pers.state.ms.us](http://www.pers.state.ms.us) or contact PERS Retirement Education at 601-359-3589 or 800-444-7377. Details about the workshops, including location address, will be provided with confirmation of registration.

Check our website regularly for schedule updates.

*Joe Hines, PERS Field Representative*



## Summer 2011 Employer Training Schedule

Date	City	Location
July 12	Gulfport	Handsboro Community Center
July 13	Hattiesburg	Woodall Advanced Technology Center
July 14	McComb	MS Department of Transportation
July 15	Meridian	MS State University, Meridian campus
July 18	Pearl	Hinds Community College, Rankin campus
July 19	Pearl	Hinds Community College, Rankin campus
July 20	Greenville	Greenville Higher Education Center
July 21	Tupelo	University of MS, Tupelo campus

## PERS Board of Trustees

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### Disclosure

*This newsletter contains general information about your retirement system and is not a legal reference. For detailed explanations about all PERS retirement systems, call the PERS office or visit us online.*



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## Hill, Miller join PERS Board



Dr. Cecil L. Hill, associate professor of accounting at Jackson State University, has been elected as the new institutions of higher learning representative to the PERS Board of Trustees. His term runs from January 2011 to December 2016.



Dr. Richard C. Miller, retired physician and professor of pediatrics at University of Mississippi Medical Center, has been elected as a retiree representative to the PERS Board of Trustees. His term runs from May 2011 to April 2017.

### Contact PERS

601.359.3589 or 800.444.7377  
[www.pers.state.ms.us](http://www.pers.state.ms.us)

### PERS Employer Hotline

601.359.2090

## Providing Benefits for Life

### PERS office scheduled to close for July 4 holiday

In recognition of Independence Day, the PERS office is scheduled to be closed Monday, July 4.

