

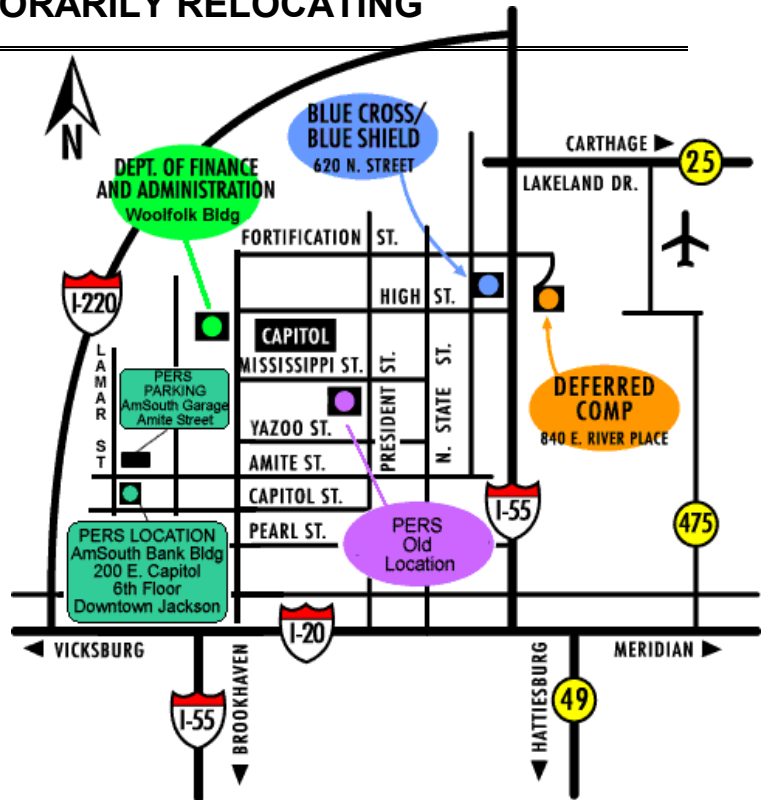
Public Employees' Retirement System of Mississippi
Mailing Address:
429 Mississippi Street
Jackson, Mississippi 39201-1005
(601) 359-3589 * 1-800-444-PERS (7377)
www.pers.state.ms.us

PERS Employer Update May 2002

WE ARE TEMPORARILY RELOCATING

Due to the tremendous growth of your Public Employees' Retirement System, the PERS Board of Trustees, with the approval of the legislature, has begun a renovation and expansion program that will add much needed additional office space and parking facilities to our current facility.

As a result, effective with the close of business on Friday, May 24, 2002, our offices will be closed until Tuesday, May 28, 2002, at which time we will be relocated to the AmSouth Plaza Building located at 210 East Capitol Street in Jackson. Our current mailing address (429 Mississippi Street, Jackson, Mississippi 39201-1005) and all telephone numbers will remain unchanged. However, as of Tuesday, May 28, 2002, should you need to visit our office, PERS will be located on the 6th Floor of the AmSouth Plaza Building in downtown Jackson, Mississippi.



PERS LEGISLATION

Retiree Health Insurance Plan

Summary of House Bill 1386--Approved by the Governor April 30, 2002

COVERAGE: The Retiree Health Insurance Plan will be available to all Mississippi public employees retired from systems administered by PERS to include the Municipal Systems, Highway Safety Patrol, Optional Retirement Plan, and PERS. Participation will be mandatory for all employers covered by the above plans for purposes of funding the insurance subsidy. However, every retired member will have the option whether to participate in the Plan.

PLAN DESIGN: The PERS Board of Trustees will have flexibility in plan design; however, initially, the State and School Employees' Health Insurance Plan will be used as the design for the Retiree Health Insurance Plan. When implemented, the new Plan will replace the State Plan and the PERS Plan for retirees and will be available to all public employees retired from systems administered by PERS.

SUBSIDY: As is true today, each retired member will be responsible for paying for his or her own health insurance coverage, but a portion of the cost for coverage for the retired member will be offset by a subsidy. Each retired member will have his or her health insurance premium subsidized by an amount equal to 2% of the premium for each year of service at retirement up to a maximum of 60%. The subsidy will only apply to the retiree premium and not to the premium for family coverage. *Example: Retiree with 28 years of service credit at retirement would receive a 56% (28 X 2) subsidy for life whether the member retires before or after the initial effective date of the plan.*

Retiree Health Insurance Plan, Continued from Page 1

COST OF SUBSIDY: The subsidy of 2% of the premium times the number of years of service credit will cost 2.5% of annual retirement covered payroll for covered employers. This cost will be paid by the employer.

FUNDING FOR PLAN: The subsidy to be provided by the Retiree Health Insurance Plan will be pre-funded by requiring that all covered employers contribute 2.5% of retirement covered payroll into the Plan. This represents additional funding of 1.5% over the amount employers contribute today as the other 1% will be provided by a reduction in employer contributions to PERS from 9.75% to 8.75%. The funds will be invested to provide a subsidy for current and future retirees participating in the Plan.

PLAN ADMINISTRATION: The effective date for the Retiree Health Insurance Plan will be July 1 of the year following the year in which the Board determines and the Board actuary certifies that the employer contribution rate to PERS can be reduced by 1% without causing the unfunded accrued liability amortization period to exceed twenty (20) years. *It is anticipated that funding of the Plan will not begin until three to five years from now.*

PERS Technical Corrections/Changes

Highlights of House Bill 1148--Approved by the Governor April 25, 2002

The following represents a summary of highlights from the PERS' technical corrections bill from the 2002 Legislative Session, as amended in Conference, and as approved by the Governor on April 25, 2002:

COVERAGE

- Any person hired on or after July 1, 2002, to provide professional services to a covered employer (e.g., attorney, engineer, doctor) shall become a member of the system provided that he or she meets the eligibility criteria required of all other regular covered employees. *See Article on Page 4.*
- The maximum reportable earned compensation for purposes of retirement will increase from \$125,000 to \$150,000 per year, and proportionately for less than one year, effective July 1, 2002.

MILITARY SERVICE

- Free military service credit may be granted for pre-1972 service in the Commissioned Corps of the United States Public Health Service for members who retire on or after July 1, 2002.
- As provided by federal law, a member has a maximum of five (5) years after returning from qualifying military service to purchase time under USERRA.

RETIREMENT OPTIONS

- Level Option 4C will not be available to anyone who retires on or after July 1, 2004.
- Direct deposit of retirement checks will be required for all members who retire on or after January 1, 2003, unless there is a demonstrated hardship.

DISABILITY RETIREMENT

- A member who is eligible for a service retirement allowance and who simultaneously applies for a disability retirement allowance may elect to receive the service retirement allowance pending a disability determination, provided that the member applies for the disability retirement allowance before receiving a service retirement allowance.
- Members who elect to receive a service retirement benefit while pursuing a disability benefit are not eligible for Level Option 4C or Option 6 (the Partial Lump Sum Option) regardless of the outcome of the disability claim.
- The Disability Appeals Committee may defer a decision for additional medical information or evaluation.

ANNUAL BENEFIT ADJUSTMENT (COLA OR 13TH CHECK)

- Effective July 1, 2002, a pro-rated share of the lump-sum annual benefit adjustment (i.e., COLA) will be paid if a benefit terminates before December 1 of the fiscal year.
- The PERS Board may grant a change in the manner that the COLA is paid (i.e., monthly to lump sum and vice versa) if a hardship is shown.
- Upon re-retirement of a member who has previously received a COLA, the member's COLA shall be re-instated immediately at re-retirement for those who retire on or after July 1, 2002.

REEMPLOYMENT AFTER SERVICE RETIREMENT

- The reemployment section (MCA 25-11-127) has been revised to remove conflicting and/or confusing language. It also allows a county or municipal elected official to receive a retirement allowance in addition to compensation for the elected position in an amount not to exceed 25% of the retiree's average compensation. *See Article on Page 3.*

Pension Portability Opportunities
Senate Bill 2570--Approved by the Governor March 14, 2002

PERS participants now have new opportunities for rolling over money from their Section 457 Deferred Compensation Plan Account or Section 403(b) annuity plan to purchase optional service credit or to repay a refund. In addition, expanded opportunities are available for rolling eligible rollover distributions from PERS to a member's Section 457 Plan Account or 403(b) account. Finally, members in the Deferred Compensation Plan have new opportunities for enhancing contributions to the plan and more flexibility when distributions are finally made at termination or retirement. For more information, a summary of these opportunities may be found on the PERS website.

SERVICE RETIREES REEMPLOYED IN A MUNICIPAL OR COUNTY ELECTED POSITION

Formerly, PERS service retirees who were elected to a covered municipal or county elected position had the choice of a) returning to full time covered employment and terminating their retirement allowance or b) waiving the entire salary for the elected position while they continued to draw their retirement allowance.

Under the PERS law amended effective July 1, 2002, retirees elected to a municipal or county elected position may still terminate their retirement allowance and accrue additional service credit while receiving the salary for the position. Alternatively, retirees elected to a municipal or county elected position may elect to continue to receive the retirement allowance and elect one of the following:

- a) To waive the salary for the position; or
- b) To receive compensation not to exceed 25% of the retiree's average compensation at retirement.

If the retiree serves in local elected office and wishes to continue his/her retirement allowance, he or she must file an annual election in the PERS office selecting one of the above provisions. The statute also provides that in addition, the retiree may receive any office expense allowance, mileage or travel expense authorized by a statute of the State of Mississippi.

PERS is in the process of revising Form 9C (Waiver of Salary or Compensation) and Form 4B (Reemployment of Retiree) to reflect the additional election available to retirees elected to municipal or county office.

Questions and Answers:

1) *Does the "25% of average compensation" limitation include the retirement benefit plus COLA?*

"Average compensation" is a number fixed at retirement based on the highest four years of pre-retirement compensation. The annual retirement allowance and COLA are separate figures and are not considered in determining how much a PERS service retiree can earn in reemployment.

2) *What positions are considered county or municipal elected positions?*

For purposes of reemployment limitations under Miss. Code Ann. Section 25-11-127, county elected positions include :

Supervisors, Chancery Clerk, Circuit Clerk, Tax Assessor, Tax Collector (If separate from Tax Assessor), Sheriff, County Surveyor, Justice Court Judge, County Judge/Family Court Judge, Constable, County Coroner or Medical Examiner, Elected County Prosecutor/Elected County Attorney, Superintendent of Education

For purposes of reemployment limitations under Miss. Code Ann. Section 25-11-127, municipal elected positions include:

Mayor, Board of Aldermen (Councilmen or Selectmen), Police Chief or Marshall, Municipal Judge, Tax Collector, Tax Assessor, City or Town Clerk.
(See Miss. Code Ann. Section 21-3-3)

3) *What if a retiree is reemployed as a teacher and has made an election to be reemployed under the one-half time/one-half pay provision and during the fiscal year is elected or appointed to the local Board of Aldermen? How does the election or appointment work with regard to the elected position?*

Generally, a retiree may make only one election for reemployment each fiscal year which applies to all employment with covered employers during that fiscal year. However, we realize that there will be situations in which a retiree is reemployed under the 50/50 rule in one or more non-elective positions and then gets elected to local office. The following examples reflect how we will handle these special situations.

Service retirees re-employed in a municipal or county elected position, Continued from Page 3

Example A: Coordinating reemployment in two different successive positions during the same year where the retiree begins under the 50/50 rule and is then elected/appointed to office: A retiree begins the fiscal year working under the 50/50 rule. Then, he/she is elected to office and terminates the non-elective position. Under the 50/50 rule retiree could earn up to \$18,000 (Annual salary \$36,000 X .5). Prior to election to office, the retiree earns \$9,000. At the point that the retiree is elected to local office, he/she becomes full-time and must convert to the 25% rule. If, under the 25% of FAC rule, the retiree could earn \$10,000 (\$40,000 FAC X 25% = \$10,000), then from that point on the retiree could only earn the difference between what had been earned up to date and 25% of FAC. In this example, he/she could earn only \$1,000 from the local elective office (\$10,000 - \$9,000 previously earned = \$1,000 for the remainder of that fiscal year.) That same retiree could earn up to \$10,000 in any subsequent fiscal year.

Example B: Coordinating reemployment in two different positions (elective and non-elective) during the same year where the retiree begins under the 50/50 rule and is then elected/appointed to office, but continues to serve in the non-elective position: A retiree begins the fiscal year working under the 50/50 rule. Then, he/she is elected to office and *continues* the non-elective position. At the point of election to local office, the member is employed full-time based on employment in the elected position. Because of this, he/she must *waive* the salary for the elective position if he/she continues to receive compensation for the non-elective position. The decision must be made at the point of entering full-time employment in elective office.

Example C: Coordinating reemployment in two different positions (elective and non-elective) both of which begin at the beginning of the fiscal year: At the beginning of the fiscal year, a retiree holds a local elective office and is employed by a school or other employer. Because the local elective office is full-time, the retiree can only elect the option to earn no more than 25% of average compensation from all positions. Otherwise, if he/she chooses to work under the 50/50 rule for the non-elective position, he/she must waive the salary for the elective position.

Summary

At the point that a retiree becomes a full-time employee by virtue of election to local office and is also reemployed on a limited basis in a non-elective position, he/she must a) work or continue employment under the 25% of average compensation election and apply what has already been earned from other positions during the fiscal year to that limitation or b) stay under an existing 50/50 election and waive the salary for the local elected position.

RETIREMENT COVERAGE FOR ATTORNEYS/ENGINEERS

Effective July 1, 2002, the PERS law provides that any individual who is employed by a governmental entity to perform professional services shall become a member of the system provided the individual a) is paid regular periodic compensation for services which is subject to payroll taxes, b) is provided all other employee benefits, and c) meets the membership criteria established by PERS regulations. Persons who perform such services and who do not meet the above guidelines may not be members of PERS.

To participate in the Public Employees' Retirement System an individual must be an employee subject to the control of the covered public employer as defined in IRS guidelines and must satisfy the following requirements:

- a) Be properly classified as an employee;
- b) Have compensation properly reported on IRS Form W-2;
- c) Be paid regular periodic compensation;
- d) Be treated as an employee for all purposes, including but not limited to eligibility for fringe benefits, payment of employment related expenses, payroll tax withholding, etc.; and
- e) Must personally perform services and receive compensation for not less than 20 hours per week or a total of 80 hours per month, or in the case of school personnel perform service and receive compensation for half-time or more for the academic year. (Note that covered elected officials are deemed by law to be full-time employees.)

However, any active member employed in such a position on July 1, 2002, will continue to be an active member as long as they are employed in such position. PERS Board of Trustees is modifying Regulation 36 to incorporate these statutory changes. As soon as final action is taken on the amended regulation, you will be notified.

BENEFIT MANAGEMENT TRAINING CONFERENCES--2002

PERS will again be offering its annual benefit management training sessions for payroll and human resource personnel of member agencies. The sessions are jointly sponsored with the Department of Finance and Administration, Office of Insurance, and will be held as follows:

DATE	AGENCIES	LOCATION
September 24 th & 25 th	State Agencies	Jackson, MS
October 1 st & 2 nd	Public Schools\Comm. Colleges\IHL	Biloxi, MS
October 3 rd & 4 th	All Other Agencies	Biloxi, MS
October 8 th & 9 th	Public Schools\Comm. Colleges\IHL	Tunica, MS
October 10 th & 11 th	All Other Agencies	Tunica, MS

In response to numerous requests, we will be placing the schedule and the agendas for the various sessions on our website in the near future. We will send written notice to your agency when this is done so that you might go to our home page, click on PERS Seminars and Registration and then click on the appropriate button to view the schedule and the agendas for the various sessions. You may then register electronically through the website. Agencies who do not have access to the website may register by letter.

PERS will provide a detailed discussion of PERS benefits and options and reporting and payroll issues in all of the sessions. In addition, we have commitments for speakers from the Workers' Compensation Commission, the Office of the State Auditor, the MS Deferred Compensation Plan and Trust, SPAHRS—Statewide Payroll and Human Resource System (State Agencies Only), and the Office of Insurance (Public Schools, Community Colleges, and IHL only) to participate.

Please review the agendas for the various sessions before deciding which sessions you wish to attend. Other than registration for the State Agency Conference, you may register for any of the other sessions even though you may not be covered under the State Health Plan.

PERS PRE-RETIREMENT EDUCATION OPPORTUNITIES

Any member wishing to register for a pre-retirement or mid-career seminar may register through his or her employer or through the PERS website (www.pers.state.ms.us). On the website, members will find a complete schedule of the current and upcoming sessions. Members may register on-line through our website, or they may print the registration form and fax or mail the completed form to PERS at the address provided. Registrants will receive a confirmation of registration prior to the session. Listed below is the schedule for all open seminars through September 2002.

PRE-RETIREMENT SEMINARS

Offered for members within four (4) years of retirement eligibility.

DATE OF SEMINAR	LOCATION
July 9, 2002	Brookhaven
July 23, 2002	Meridian
July 30, 2002	Hattiesburg
August 6, 2002	Tupelo
August 13, 2002	Gulfport
August 22, 2002	Cleveland
September 4, 2002	Grenada
September 10, 2002	Hattiesburg
September 12, 2002	Pearl

MID-CAREER SEMINARS

Offered to any PERS member.

DATE OF SEMINAR	LOCATION
July 10, 2002	Brookhaven
July 17, 2002	Gulfport
July 24, 2002	Meridian
July 31, 2002	Hattiesburg
August 2, 2002	Pearl
August 7, 2002	Tupelo
August 14, 2002	Gulfport
August 23, 2002	Cleveland
September 5, 2002	Grenada
September 11, 2002	Hattiesburg

PERS ON THE MOVE

The PERS Pre-Retirement Education Staff has been on the move since October counseling with the 2,524 staff members of 97 agencies all across the State of Mississippi. These visits were made possible by the tremendous response of agencies such as yours that have contacted PERS and requested on-site seminars for their staff.

The PERS On The Move program is provided to your agency at no cost and is designed to educate your staff on the retirement benefits that your agency jointly funds to provide employees with a more secure future. Most employees know they contribute 7.25% of their gross monthly income but few realize that their employer contributes an additional 9.75% to fund retirement and other vital benefits.

The PERS On The Move presentation consists of an in-depth review of the benefits and options available under the PERS program and a discussion of the need for additional savings and the opportunities afforded through the PERS Deferred Compensation Plan. At the end of each session an opportunity is provided for questions and to assist members with specific questions relating to their membership account.

PERS would appreciate the opportunity to provide this program for your employees at a time convenient to you. If your agency would like to schedule such a session please contact your Field Representative or Jim Nettles, Pre-Retirement Program Director, at 601/359-2262 or by e-mail at jim_nettnles@pers.state.ms.us.

WE NEED YOUR HELP TO FIND INACTIVE MEMBERS

We continue our efforts to locate inactive members who may be eligible for a benefit from one of the plans that we administer. Toward that end, we have added an Inactive Member Search page to our web site. From this page, which you can access from our home page, you can view and/or print an alphabetical listing of inactive members by agency name.

Based on *unaudited* information in our computer database, it appears that the members on the referenced listing may be eligible for a monthly service retirement allowance or a refund of accumulated member contributions. If you recognize the name or names of one or more of your former employees on this list, and you have additional information to share with us regarding their whereabouts, you may call 1-800-444-7377 or 1-601-359-3589 and report that information to one of our member service representatives.

REMINDER: EMPLOYER HOTLINE

We would like to remind you that in June 2001, PERS added a telephone number to be used exclusively by PERS employers. The telephone number dedicated for employers only is 601-359-2090. This number is a menu driven telephone line with the following menu options from which to choose.

- ◆ For the Wage and Contribution Reporting Department, Press 1
- ◆ For the Refund Department, Press 2
- ◆ For the Member Records Department, Press 3
- ◆ For the Claims and Benefits Department, Press 4
- ◆ For the Pre-Retirement Education Department, Press 5
- ◆ For the Retiree Payroll Department, Press 6
- ◆ For the Disability Department, Press 7
- ◆ To speak with a PERS Representative, Press 9

We hope that this number continues to be helpful to you in accessing PERS staff. We welcome your questions or comments. You may contact PERS by e-mail at: www.pers.state.ms.us and click on the mailbox on our homepage.

PERS OFFICE CLOSINGS

Monday, May 28, 2002
Memorial Day
Thursday, July 4, 2002
4th of July

COMING IN THE NEXT EMPLOYER UPDATE

- ◆ Benefit Management Training Agendas and Details
- ◆ Amended PERS Regulations- Regulation 33, 34, 36, 42, 45A, 48, and 49—subject to final adoption by PERS Board of Trustees in June 2002 to be effective July 1, 2002.