

Public Employees' Retirement System  
of Mississippi  
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# PERS Employer Update

Special Edition

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*Distribute to all Administrative, Payroll, and Human Resource Personnel*



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## Employer Contribution Rate Increase Effective July 1<sup>st</sup>

PERS increased the employer contribution rate from 9.75% to 10.75% effective July 1, 2005, and notified employers at that time that a strong possibility existed for an additional increase effective July 1, 2006.

Mississippi Code Annotated §25-11-123(c)(1) gives the PERS Board the responsibility and authority to set the contribution rate based on the results of the annual actuarial valuation. PERS has been advised by its consulting actuary that an additional increase is necessary, and **the employer contribution rate must be increased by 1.75% to a total contribution rate of 12.50%** to ensure that the System remains actuarially sound. The PERS Board of Trustees has adopted the recommendation.

The PERS Board has acted to phase in the increase of the required employer contribution rate by implementing a 0.55% increase effective July 1, 2006, with subsequent increases phased in each year over a four-year period through fiscal year 2010 until the required contribution rate is achieved. **(See table at left.)** Our consulting actuary will continue to evaluate and calculate annually the required contribution rate, and the Board will monitor the funding requirements of the System and make any necessary adjustments.

**The employer contribution rate will be 11.30% effective July 1, 2006.** The RET reporting program will be modified accordingly. The employer contributions at the 11.30% rate will be required for wages paid for the month of July which will be reflected on the Wage and Contribution Report due the fifth day of August.

While recent investment returns have been positive, the scheduled rate increase is still necessary to meet funding requirements. PERS has communicated this need to the Legislature so that it is fully aware of the additional cost to all governmental employers, particularly local governmental entities. PERS will continue to provide pertinent information to legislative leaders.

The retirement benefits provided through PERS represent a significant part of the financial security of hundreds of thousands of current and future retirees, and the PERS Board of Trustees understands the importance of maintaining a financially sound retirement system for the active and retired public employees of Mississippi and will continue to work to maintain the financial soundness of the System.

### **PROJECTED SCHEDULE FOR THE PHASE-IN OF THE 1.75% EMPLOYER CONTRIBUTION RATE INCREASE OVER THE NEXT SEVERAL YEARS:**

<u>Fiscal Year Beginning</u>	<u>*Percentage of Covered Payroll</u>
July 1, 2005	10.75%
July 1, 2006	11.30%
July 1, 2007	11.85%
July 1, 2008	12.40%
July 1, 2009	to be determined

*\*The percentages shown above are anticipated figures and may not represent the percentages that will be required based on actual experience.*



## **AG Opinions**

**August 26, 2005 (Raymond Baum)** Miss. Code Ann. §21-3-5 (Rev. 2001) provides that municipal authorities are charged with the responsibility of setting the compensation of municipal officers and employees. Because the salary of a municipal alderman is not established by statute but by municipal governing authorities, an individual may serve in that position without compensation. See Miss. Code Ann. §21-13-1 et seq. (Rev. 2001) for the proper method for amending municipal ordinances to allow for such voluntary service.

**August 12, 2005 (James Chaney)** Miss. Code Ann. §37-7-307 as amended by Senate Bill 2247 of the 2005 legislative session provides that vacation, personal, and sick leave for employees shall not exceed the provisions for leave as provided in Miss. Code Ann. §25-3-92 (Rev. 2003) (personal leave for state employees) and §25-3-95 (Supp. 2005) (major medical leave for state employees). The legislature intended the accrual of leave for school employees to be limited to the combination of leave as set out in §25-3-93 and §25-3-95. A school district may not maintain its existing leave policy if such policy exceeds the combined personal and sick leave policy for state employees. However, the statute does not require that the school districts comply with the break down of personal leave and major medical leave but that the accrual of all authorized leave not exceed the combined personal and major medical leave for state employees.

**August 8, 2005, (Alix Sanders)** Holmes County School District proposed to offer prospective teachers a “sign-in” bonus. Miss. Code Ann. §37-19-7 (Supp. 2005) governs the amount and form of compensation that can be paid to teachers. A school district may not grant additional compensation or incentives to teachers that are not authorized by statute. No such bonus is authorized by law and may not be paid by the district.

**July 29, 2005 (Frank R. McCreary III)** A mere announcement of one’s intent to donate his/her salary would not constitute an effective waiver of that salary. A waiver should be in writing and accepted on the minutes of the Board of Aldermen.

An alderman may be allowed to waive his salary, as same is set and determined by the municipal governing authorities, not by statute. Where the governing

authorities act to accept an alderman’s waiver of salary, that alderman’s salary is reduced to zero and no contributions to the state retirement system would be due.

The City may not make a direct payment of the waived salary amount to a charitable organization, as same would be an illegal donation of municipal funds.

**June 10, 2005 (Gerald C. Patch)** School Board members are not eligible for coverage in PERS since they are either paid a per diem and excluded under Regulation 6 or are paid a salary and are specifically excluded by law under Miss. Code Ann. §37-6-13 (Supp. 2005) for retirement coverage.

Coverage in PERS is available to an attorney engaged to represent counties, municipalities and boards, where authority exists to employ an attorney, provided such individual is an employee and paid a stipulated salary, as evidenced by the employee/employer relationship, reporting of wages on IRS Form W-2, etc. After July 1, 2002, individuals so employed must meet the membership criteria set out in Board Regulations, including the requirement that the employee work no less than 20 hours per week or a total of 80 hours per month. Money paid to a firm cannot be reported to PERS as part of an individual’s earned compensation.

**March 11, 2005 (Norman McLeod)** Miss. Code Ann. §25-11-127(5)(b) (Rev. 2003) provides that any retired member may continue in municipal or county elected office or be elected to a municipal or county office, provided that the person elects to receive compensation for that elective office in an amount not to exceed twenty-five percent (25%) of the retiree’s average compensation. The salary of a family member would not count as part of the twenty-five percent (25%).

**October 15, 2004 (Walterine Langford)** (1) State law provides that a state employee shall be paid for not more than thirty (30) days of accumulated personal leave upon termination of employment. (2) The effective date of an employee’s disability retirement will be considered the date of termination for purposes of making the lump sum payment for personal leave. (3) A termination of employment has effectively occurred when an employee is no longer performing any work for the employer and the

*(Continued on page 3)*

## Local School Board Members Not Eligible for Retirement Coverage

According to Mississippi Code Annotated §37-6-13, each person serving as a member of the school board of any local school district shall receive either per diem or salary for attending meetings of the school board. However, in accordance with Miss. Code Ann. §37-6-13, members of the school board, whether paid per diem or salary, **are not eligible for** any fringe benefits including **retirement**. Therefore, local school districts **should not** report compensation to PERS on behalf of a local school board member where that compensation is directly attributable to service as a member of the school board, even if the school board member is already covered in PERS through employment in a covered position. Please contact PERS with questions.

*(Continued from page 2)*

employee has no plan or intention to return to work and is merely exhausting personal leave before formally resigning his position. (4) Where an employee is receiving worker's compensation and is entitled to accrued vacation or sick leave, it is within the employee's discretion as to whether and to what extent such leave will be used to supplement a worker's compensation benefit.

**September 24, 2004 (Tom. T. Ross, Jr.)** Where there is authority for the employer to pay non-taxable life and health insurance premiums, the payment of such premiums is not to be used in the calculation of the 25% income limitation or in calculating the limited compensation under the half-time/half-pay option applicable to reemployed retirees.

**June 11, 2004 (Charles Barbour)** If an individual serving as a county supervisor is called to active duty, such individual may continue to hold the elective office of supervisor and draw the salary and benefits associated with that position while serving on federal active duty.

**May 14, 2004 (Robert Moore)** A county employer is not required to make employer contributions for retirement on fees paid to constables. The county is not obligated to pay employer contributions on fees such as those earned for serving process. The fee

official is responsible for both the employer and employee contributions on net fees.

**May 14, 2004 (Roy Williams)** Prior opinions have stated that a county or municipality may not have two deferred compensation plans under Internal Revenue Code 457. In clarifying this, it is permissible for such entity to have one that is an IRC 457(b) **eligible** plan and one that is an IRC 457(f) **ineligible** plan. However, it may not have two 457(b) eligible plans.

**May 7, 2004 (Carl Flanders)** Miss. Code Ann. §19-3-47 (Rev. 2003) requires that the Board of Supervisors pay its Board attorney an annual salary which may not exceed the maximum annual amount authorized by law for payment to a member of the Board. If the Board also needs services for a special case or circumstance which are not within the scope of the duties of the regular board attorney, the Board of Supervisors can employ counsel (which may be the regular board attorney) and pay the lawful fees and expenses incurred in the specific services performed, if previously authorized by contract or order of the Board. Employment of the county board attorney pursuant to §19-3-47(1) is for a one-year term, and the board attorney may only be terminated for cause prior to the expiration of the year. **Counsel for a Board of Supervisors is a county employee and is not an independent contractor.**



Refer to the PERS website ([www.pers.state.ms.us](http://www.pers.state.ms.us)) for the most up-to-date versions of selected PERS Regulations and the most recent versions of PERS forms.

## PERS ON THE MOVE...

offers member agencies the opportunity to provide their staffs with important information and assistance on matters relating to their membership in the Retirement System. PERS, in coordination with member agencies, will provide staff onsite to conduct seminars and assist members with their questions and issues relating to their retirement benefits. Topics covered will include benefits of PERS membership, benefits available if a member dies before retirement, disability benefits available, employer/employee contributions, types of service credit and availability, retirement benefit and COLA formulas, benefit payment options, re-employment provisions, and the retirement application process.

In addition, the seminar introduces attendees to basic concepts of financial management and investing. Those attending are advised of the opportunities available to them for applying these concepts through the Mississippi Deferred Compensation Plan and Trust (MDCPT), as well as the advantages of applying those concepts early in their working careers. MDCPT, which is administered by the PERS Board of Trustees, is a benefit that is available to members of PERS.

The session is conducted at no cost to the hosting agency at the hosting agency's scheduling convenience, and multiple sessions may be held each day, as needed. Each session is about two hours, with the first 30 minutes featuring the Deferred Compensation Plan and Trust.

If you would like for PERS and SBA (Systematized Benefits Administrators) to conduct a PERS ON THE MOVE SEMINAR at your agency, please complete the following form and mail or fax it to: Jim Nettles, Public Employees' Retirement System, 429 Mississippi Street, Jackson MS 39201-1005; FAX number: 601-359-6707. You will be contacted by a PERS representative to confirm your request and finalize details. If you have any questions, please call Jim Nettles at 601-359-2262 or 1-800-444-7377.

*For further  
information on any  
of the information  
in this newsletter,  
call us at  
1-800-444-7377  
or visit our  
website at  
www.pers.state.ms.us*

I would like for PERS and SBA to conduct a PERS ON THE MOVE SEMINAR at my agency:

Agency Name: \_\_\_\_\_

Agency Address: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Date and Time:

1<sup>st</sup> Choice: \_\_\_\_\_

2<sup>nd</sup> Choice: \_\_\_\_\_

Authorized Signature & Title: \_\_\_\_\_

Mail Completed Form to: PERS, Attn: PREP, 429 Mississippi St., Jackson MS 39201-1005  
Or FAX to: 601-359-6707