

MRPEA ^{THE} Guardian

Mississippi Retired Public Employees Association

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by
Ed LeGrand



Understanding Your State Employee Retirement System

You may be planning to retire within the next five years or you may have just finished your first year working in state government. Either way, the recent discussions about changes to the state employee retirement system should be important to you.

There has been much talk recently about the state of Mississippi changing from a defined benefit plan to a defined contribution plan. The difference is pretty simple. A defined benefit plan guarantees a predetermined retirement benefit based on the contribution of both the employee and employer, while a defined contribution plan is based solely on how well the investment market does with the money invested by the employee and by the employer on behalf of the employee.

I know very few people who chose to work in state government because they wanted to make a lot of money. Most people choose this line of work because they believe in the services their agency provides. They also may have been drawn to state government in part because of the benefits – health insurance, vacation/holidays, and the retirement plan. Unlike the private sector, the public sector doesn't have the advantage of high salaries to lure hard working employees into the field. The public sector must use benefits as the selling point. If the state changes to a defined contribution plan, where the employee assumes all the investment risk and could even outlive the value of his or her retirement account, then we lose one of the best "cards" we have at hiring and keeping qualified, dedicated employees.

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Web Site www.mrpea.org

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The purpose of a retirement plan is to provide a secure and predictable amount of income for employees at the time of their retirement. Our current defined benefit retirement system does just that. A defined contribution plan is only successful for an individual if they invest a considerable amount of money and if they make wise investments. Under a defined contribution program the security is gone. The predictable level of income is gone. The employees who have dedicated their lives to state government now bear all the risk.

The reasoning behind overhauling the current system is to “save” the state money. Implementing a defined contribution plan would eliminate or substantially reduce the responsibility of the state because it would pay little or no match in comparison to what the employee contributes to the retirement plan

Under the current defined benefit plan, employer contributions to PERS were only 3.69% of the total state budget expenses in 2012, down significantly from 4.44% of state expenses in 1991.

If state policy makers change the current defined benefit program to a defined contribution program we can anticipate a surge in people requiring programs such as Medicaid, Medicare, food stamps, etc. due to the fact that they didn't invest enough for retirement or they made bad investments. Ultimately, the state will pay in the end because some people will exhaust their retirement earnings while they are still alive and reach a level where they need to access these types of programs.

As state employees, is this a change we are prepared to have others make for us? Your future retirement is on the line. Remember, you have a voice.

ANNUAL MEETING

MAY 12, 2014 @ 1 PM

Hilton Hotel on County Line Road

Committee Reports

Membership - chaired by Ed LeGrand – we have 25 NEW MEMBERS since the Sept Board meeting – District Directors and committee members have attended several meetings around the state to talk to prospective members. That effort will continue. Ed LeGrand stressed that we are looking for ways to reach current employees who are not yet retired. They are eligible to join MRPEA.

Constitution & By-Laws chaired by Tony Byrne – Members of the committee met in October to begin the work on preparing recommendations for Board consideration – the goal is to have those recommendations ready for the February meeting and to have final draft ready for the Annual Meeting on May 10, 2014.

Publications chaired by Jane Dykes (see separate report in this publication)

Legislative chaired by Lester Herrington – The Legislative Committee is gearing up for the legislative session which starts in January, 2014.

Strategic Partners chaired by Mike Larsen – Several contacts have been made with other retiree organizations since the Sept. meeting of the Board. There is a lot of interest in other retirement organizations toward working together to keep the state retirement system strong.



Comparing public pensions like comparing apples to oranges

By Pat Robertson, PERS Executive Director

When it comes to day-to-day activities, we all like to make comparisons; however, while it may seem a simple exercise, time and teachings have shown that comparisons made without proper context or that lack measurable parallels can create confusion and can lead to inaccurate assumptions.

This is particularly true when it comes to pensions. While what happens in some cities in California may be interesting and informative, it really has little relevance to someone living in small-town Mississippi. And while what happens in Detroit is noteworthy and may be the topic of lots of media coverage, it really does not affect us here. What does matter is how the Public Employees' Retirement System of Mississippi (PERS) performs as an independent retirement system responsible to the taxpayers of Mississippi and to the members we serve. Just as an apple and an orange are two fruits with vastly different compositions and tastes, public retirement systems provide pensions but vary greatly in structure and operations.

The fallout from the city of Detroit's bankruptcy filing earlier this year has further fueled the national debate on the cost versus the benefits of public pensions—a debate that continues to trickle down from the national level to the state level. And, while many point to Detroit's pensions as the reason for their troubles, looking deeper into the details reveals this is not the case. As this translates to Mississippi, it is important to remember that neither PERS nor the State is in a position of fiscal stress. Mississippi, as a sovereign entity, cannot file bankruptcy and has been faithful in funding the contributions necessary to pay the promised benefits.

If we, hypothetically, stopped earning income right now, on an actuarial basis, we would have almost 58 percent (61 percent at market value) of the funds needed to pay benefits for life to our 380,000 members, even those who are decades away from retirement.



PERS' funded status is calculated annually by our actuaries and monitored by the PERS Board to ensure our continued financial stability. Calculations by others do not always provide the same perspective and may include generalities when used to compare one plan to another. Our focus is on our plan, not on how it compares to another state. Just as comparing the amount you owe on your mortgage to what your neighbor owes does not provide relevant information as to your financial status, neither does comparing one pension plan to another.

Our focus at PERS is ensuring our long-term ability to meet our obligations to our members now and in the future, not on how we compare to others. We have always had that focus. We will continue to keep that focus.

See Robertson p. 3



See the
MRPEA Web
page at
mrpea.org

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The Board of Trustees adopted a funding policy establishing a fixed contribution rate with the primary focus on the long-term stability of the plan, providing a roadmap for the future.

PERS has emerged from the Great Recession with assets in excess of \$22 billion as of June 30, above our pre-recession high in 2007 of \$21.8 billion, and our rate of return for fiscal year 2013 was 13.4 percent. This year, we received contributions of \$1.5 billion and had net investment income of \$2.6 billion; while at the same time, we paid \$2 billion in benefits (money that helps provide retirement security to thousands and simultaneously stimulates the economy statewide).

We expect public pensions to continue to get a lot of attention, both at the local level and nationally. However, we are confident that we have developed a roadmap to put PERS in the financial position to ensure we will continue to meet our obligations to our members on a perpetual basis, and we refuse to let apples-to-oranges comparisons define us.



Message from Howell C. Garner, President

Thanks to our MRPEA Board members for their faithful attendance at our quarterly meetings. I appreciate their work on various initiatives - a lot of work has been done by District Directors and Committees since our last meeting in September!

I'm excited about our plans and the progress that has already been made on our membership drive! I'm also encouraged by the reception that we have gotten from other organizations that want to work together to help keep PERS strong!

We consider it our responsibility to let our members know about any pending legislation that impacts PERS – we will let you know when there's a need to make contact with your legislator!

BOARD MEETING NOTES:

There was a special SALUTE TO VETERANS as the meeting opened. Veterans who were present for the meeting stood to be recognized for their service to their country.

Becky Cade gave a report on the web site and the Facebook page. The Board approved the renewal fee for the web page. It was pointed out that the web page will be more and more important for communication in the future.

The Board approved the purchase of new software to upgrade our email system for sending out information to Board members and to members of MRPEAA recent upgrade has been done for sending out emails to Board members and to members of MRPEA.

**Contact a retiree friend today
and ask them to join MRPEA!**

Contact us at mrpea.org or at mrpea@bellsouth.net if you have an interesting story to tell in your retirement. We will be featuring a retiree in future publications of *The Guardian*.

We want to hear from you!



MRPEA Website & Facebook Site

MRPEA members are encouraged to access information online through the MRPEA Website and/or on Facebook.

The website address is www.mrpea.org.

In order to access MRPEA on Facebook merely log into Facebook (www.facebook.com) and type in Mississippi Retired Public Employees Association.

Both sites allow members to access current MRPEA information. We hope you will find this to be useful. Examples of information on the sites include, but are not limited to, the following: PERS Facts; legislative activity in relation to your retirement; who your MRPEA officers and directors are; more about the organization itself; how to join; how to update your contact information; etc.

Let us know if you have suggestions on how to make the site more useful.

Just use the Contact MRPEA link on the website.

Let us hear from you!

Publications Committee Report

The Guardian is an important tool for MRPEA's use in order to keep the membership informed. Dr. Garner's goal is to publish and issue each quarter with a special issue in April to cover pertinent information on legislative issues, membership enrollment and the annual meeting.

The Publicity Committee has recently met to plan the next issue. The plans include a new feature item on retirees and the interesting activities that now occupy some of their time. If you know of anyone who has an interesting hobby or unusual interest, please let Sam Valentine know so he can get an article ready for publication.

Shelly Powers will have an article each edition on PERS facts. In addition, there will be a special feature in the next newsletter included on some individual that has a special connection to MRPEA members.

The website and Facebook account is another way to keep informed. Be sure and visit those sites.

The committee hopes that you like the new look of *The Guardian*. Please contact Jane Dykes, chair, at jdykes41@att.net, if there are any issues that you would like to see in the newsletter.

Jane Dykes, Chair
Becky Cade
Lester Herrington

Lucien Hill
Billy B. Thames
Sam Valentine



Publications Committee at Work!

MRPEA MEMBER BUSY IN RETIREMENT



Ed & Gail on the lake, enjoying a day of fishing!



At the national Senior Olympics competition for racquetball

It is always interesting to follow many of our fellow retirees to see how they stay busy with activities in this wonderful phase of life we call retirement.

Edwin (Ed) Butler is a shining example of how we can enjoy our time of retirement to the fullest. Prior to his retirement Ed worked as the Executive Director of the Mississippi Council on Developmental Disabilities which is attached to the Mississippi Department of Mental Health. Ed retired with 32 years of service and he and his wife Gail live in Brandon Mississippi. They enjoy time with their three children and seven grandchildren but most of all they enjoy their leisure activities.

One of his favorite activities is preparing for and competing in the National Senior Olympics in the area of racquetball. Ed has been a racquetball competitor for over 6 years in the Olympics. This past year he qualified for the Nationals by winning the state games in his age bracket. The National competition was held in Cleveland Ohio and he placed in the top 12 of 38 states which were competing in the 69 to 74 age group. This was his second time to compete in the Nationals having previously competed at Stanford University in Palo Alto, California.

In addition to racquetball Ed and Gail enjoy fishing in many of the bodies of water in our state. One of their favorite fishing spots is at Pickwick Lake while visiting J.P. Coleman State Park in Tishomingo County.

At age 71 Ed attributes his excellent health status and enjoyment of life to regular exercise, a good diet, regular physical exams and the financial security he is thankful for as a member of PERS.

Message from District Directors

We need your support in helping us increase our membership. You all know that a lot can be accomplished when you have more people involved. Your help is important! There is a copy of the application for membership included on the back of this newsletter. Please give it to a retired friend and ask them to join MRPEA. If you need more application forms you may make copies and/or call your District Director and he/she will be glad to mail more copies. We are challenging each of you who read this to sign up five new members before our legislature meets in January, 2014!

There are bills being prepared that will affect you and your money. These bills may or may not pass, but rest assured, they will be discussed! We want you to help us keep our state retirement system safe from legislative change. Let's let the changes made by the PERS Board take effect before we try to bring more change. From all reports, the assets are growing and will continue to do so in the future!

District Directors

Wynona Winfield
Tony Byrne
Hilda Westbrook
Doss Brodnax
Larry Bailey
Robert McNeil
Thomas E. Toney



Meet your new MRPEA Board members

We are fortunate to have outstanding members of the highest quality elected to the MRPEA Board. We featured two of those individuals in the Fall Issue of *The Guardian* and are featuring two members in this issue. Congratulations to these new members on their election! We welcome them to the MRPEA Board!

Martha Garrett

Martha Garrett brings a wealth of leadership and organizational skills to the MRPEA Board.

Martha, a retired Division Director of Counseling and Professional Services for the Mississippi Department of Education, received her M.Ed. in Guidance and Counseling from Mississippi State University. She is a current retired member of the Mississippi Counseling Association where she served on MCA's Executive Board as MDE ex-officio from 1993-2007. Martha has 35 plus years serving the public too include state employment with the Department of Education, Mental Health, and Vocational Rehabilitation.

Ms. Garrett traveled extensively across the state for a number of years providing materials and services to school counselors and career centers in the K-12 and community/junior college setting. She coordinated the writing of crisis intervention materials, provided professional development, and led the counseling effort in coastal schools after Katrina. She managed annual rehab program budgets, worked with industry to place disabled workers, and served as specially advertising salesperson across North Mississippi another five years. Ms. Garrett's leadership skills and knowledge of people and places will be an asset to MRPEA in membership recruitment and preservation of the PERS system.

Ed LeGrand

Ed LeGrand is the Executive Director of the Mississippi Department of Mental Health.

He began his career with the DMH in 1974 when he served as a direct care worker at the North Mississippi Regional Center (NMRC) in Oxford, MS while attending college at the University of Mississippi.

While working at NMRC, he also served as program director, personnel director, assistant director, and a school principal. From there, he served as the director of the Hudspeth Regional Center in Rankin County from 1982-1995. Mr. LeGrand was then selected to head the Bureau of Mental Retardation holding that post for six years.

Prior to his appointment by the Board as Executive Director of DMH, Ed LeGrand served as its Deputy Director. He is an active member of the Mississippi Certified Public Managers Society and the Advisory Board of the MS Certified Public Manager Program. He is also an elected State Agency Representative on the Board of the Mississippi Public Employees' Retirement System and is a DMH Licensed Mental Health Administrator.

Remembering our members

Over the past 4 months we have lost two valuable members of our MRPEA Board. We will miss them greatly.

Owen Bailess
Billy H. Thames

Please pray that God will comfort the families of these two members in their loss.

Mississippi Retired Public Employees
Association

MRPEA



P.O. Box 5580
Brandon, MS 39047

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US Postage
PAID
Permit No. 670
Jackson MS

The logo for the membership application features the same stylized green leaf icon as the main MRPEA logo, followed by the text "MRPEA Membership Application" in a bold, black, sans-serif font.

MRPEA Membership Application

Annual Rate \$15

Life Single Rate \$250

Please PRINT the following information:

Name: _____ County: _____

Mailing Address: _____

City: _____ State: _____ Zip: _____

Telephone: _____

Email: _____

Mail this form WITH check payable to MRPEA.
Send to P.O. Box 5580; Brandon, MS 39047-5580.

For questions, call 601.919.0670. E-mail us at MRPEA@bellsouth.net.