

# Summary of House Bill 899 (2016) as passed by House Appropriations

*This unofficial summary of the PERS-sponsored Technical Amendments Bill was prepared by MRPEA.*

## **Clarifies selected definitions of terms**

- Amends Miss. Code Ann. § 25-11-103:
  - To revise the definition of the term "beneficiary" to make it clear that, in the event that a member of the Public Employees' Retirement System of Mississippi dies before retirement and the spouse and/or children are not entitled to a retirement allowance on the basis that the deceased member did not have the requisite number of years of service, the type of service to which is referred is membership service; and
  - To revise the definition of the term "child" to clarify that a natural child of a member of the Public Employees' Retirement System of Mississippi is one that is conceived before the death of the member. *Reference PERS Board Regulation 35 § 101.3.e*

## **Provides that certain qualifying service may be purchased in increments of not less than one month**

- Amends Miss. Code Ann. § 25-11-105 to provide that a member who is an employee of a political subdivision who was employed by the political subdivision before the subdivision became covered by the Public Employees' Retirement System of Mississippi may make payments for and receive credit for service prior to such coverage in increments of not less than one month; and
- Amends Miss. Code Ann. §§ 25-11-117, 25-11-311 and 25-13-21 to provide that members of the Public Employees' Retirement System of Mississippi, the Supplemental Legislative Retirement Plan and the Mississippi Highway Safety Patrol Retirement System who have received a refund of their contributions and reenter state service may purchase the creditable service that was covered by the refund in increments of not less than one month.

## **Prospectively changes the method of awarding service credit**

- Amends Miss. Code Ann. § 25-11-109:
  - To provide that creditable service for members of the Public Employees' Retirement System of Mississippi for periods of time after July 1, 2017, shall be awarded in monthly, rather than quarterly, increments; and
  - To provide that the computation of unused leave for creditable service for members who retire on or after July 1, 2017, shall be calculated in monthly, rather than quarterly, increments.

## **Clarifies leave credit for elected officials**

- Amends Miss. Code Ann. § 25-11-109:
  - To make it clear that leave credit for elected officials who are members of the Public Employees' Retirement System of Mississippi is in lieu of, and not in addition to, leave earned while simultaneously employed in a non-elected position in the System. *Reference PERS Board Regulation 51 § 101.10.c*

## **Makes certain required statutory amendments to comply with Internal Revenue Code**

- Codifies Miss. Code Ann. § 25-11-110:
  - To provide that upon the death of a member of the Public Employees' Retirement System of Mississippi that occurs while the member is performing certain qualified military service, the deceased member's period of qualified military service shall be counted for vesting purposes and, to the extent required by the Internal Revenue Code, the deceased member's survivors are entitled to any additional benefits that the System would provide if the member had resumed employment and then died; and
  - To provide that a member in qualified military service who is receiving differential wage payments (within the meaning of certain provisions of the Internal Revenue Code) from an employer shall be treated as employed by that employer, and the differential wage payment shall be treated as

compensation for purposes of applying the limits on annual additions under certain provisions of the Internal Revenue Code.

**Clarifies the effective date for service retirement benefits**

- Amends Miss. Code Ann. § 25-11-111 to clarify that a member's retirement benefit payments begin the first day of the month after the member's application for benefits is received by the Board of Trustees of the Retirement System, but not before the member has withdrawn from service. *Reference PERS Board Regulation 35*

**Provides for an actuarial reduction for early retirement under Highway Patrol**

- Amends Miss. Code Ann. § 25-13-11 to provide that in the case of the retirement of any member of the Mississippi Highway Safety Patrol Retirement System prior to the age of attaining 55, the employer's annuity and prior service annuity shall be reduced by an actuarially determined percentage factor for each year of age below 55 or each year of service below 25, whichever is lesser.

**Provides for alternative methods for the proper and efficient payment of benefits, including, but not limited to, direct deposit**

- Amends Miss. Code Ann. §§ 25-11-111.1, 25-13-11.1, and 21-29-325:
  - To provide that the Public Employees' Retirement System of Mississippi shall make payments of retirement benefits to members of the Public Employees' Retirement System of Mississippi, the Mississippi Highway Safety Patrol Retirement System, and Municipal Retirement Systems by whatever means the Board of Trustees prescribes by regulation to be the most appropriate for proper and efficient payment of benefits; and
  - To provide that the Board of Trustees may provide for alternative means of payment in certain circumstances.

**Clarifies and amends certain death and disability benefit provisions**

- Amends Miss. Code Ann. §§ 25-11-113, 25-11-114, and 25-13-13, as applicable:
  - To provide that if a member who has been approved for a disability retirement allowance does not terminate state service within 90 days after approval, the disability retirement and the application for disability retirement shall be void;
  - To provide that a member of the Public Employees' Retirement System of Mississippi who applies for a disability retirement allowance must provide sufficient objective medical evidence in support of the claim and to define "objective medical evidence;" *Reference PERS Board Regulation 45A §§ 105.3 and 105.4*
  - To provide that applications for disability retirement must be filed within one year after termination from active service and to provide for extensions of such period under certain circumstances;
  - To make it clear that if a member of the Public Employees' Retirement System of Mississippi dies before being qualified for a full, unreduced retirement allowance, the reduction factor for the annuity of the surviving spouse shall be based on the number of years that would have been required for the deceased member to qualify for a full, unreduced retirement allowance;
  - To provide that the extension of the age limitation for being a dependent under the Public Employees' Retirement System of Mississippi and the Mississippi Highway Safety Patrol Retirement System that is extended to the July 1 after attaining age 23 shall apply only to student children receiving a retirement allowance as of June 30, 2016; and
  - To make it clear that in order for benefits for a death or disability that occurs in the performance of duty to be payable, the death or disability must have been as a direct result of a physical injury sustained from an accident or a traumatic event caused by external violence or physical force occurring in the performance of duty. *Reference PERS Board Regulation 45A §§ 102.1, 105.1.d, and 105.5*

**Clarifies selected optional benefit payment plan under service retirement and disability retirement**

- Amends Miss. Code Ann. §§ 25-11-115 and 25-13-16 to clarify to whom any remaining payments are made under option 4-B of the Public Employees' Retirement System of Mississippi and the Mississippi Highway Safety Patrol Retirement System.

**Establishes one-year timeframe for applying for “Pop-down” from Maximum Option or Option 1**

- Amends Miss. Code Ann. § 25-11-115 to provide that a retired member of the Public Employees' Retirement System of Mississippi has one year from the date of the marriage to elect to “pop-down” from the Maximum Retirement Allowance or Option 1 to Option 2, Option 4, or Option 4A to provide benefits for the new spouse.

**Clarifies confidentiality of member records**

Amends Miss. Code Ann. §§ 25-11-119, 25-11-317, and 25-13-27:

- To make it clear that individual member records of members of the Public Employees' Retirement System of Mississippi, the Supplemental Legislative Retirement Plan, and the Mississippi Highway Safety Patrol Retirement System are not public records;
- To clarify language that prohibits disclosure of individual member records of such Systems; and
- To authorize disclosure of certain individual member records of members of such Systems only to the member's current or former employer as authorized by the regulations of the Board. *Reference PERS Board Regulation 57*

**Requires fiscal note and actuarial study before any amendment to plan design**

- Amends Miss. Code Ann. § 25-11-119:
  - To provide that any legislation that seeks to modify any major element of the design of the retirement plan shall be accompanied by a fiscal note, and, if enacted, shall allow sufficient time for the Board of Trustees to complete an actuarial study of the long-term financial impact of the modification on the affected retirement plan and its members and report the findings to the legislature.

**Authorizes PERS to conduct on-site compliance audits of PERS-covered employers**

- Codifies Miss. Code Ann. § 25-11-119.1:
  - To authorize the Public Employees' Retirement System of Mississippi to perform on-site compliance audits of employers to determine compliance with reporting, contributions, and certification requirements;
  - To impose penalties on employers for failure of the employer to allow access, provide records, or comply in any way with such an audit;
  - To authorize the waiver of penalties under certain circumstances; and
  - To require an employer to reimburse the System for the cost of an audit if the audit reveals an employer's failure to make certain required contributions.

**Repeals proposed retiree health insurance plan**

- Amends Miss. Code Ann. § 25-11-123 to remove certain provisions that require a reduction in the employer's contribution rate and discontinuance of the accrued liability contribution under certain circumstances;
- Amends Miss. Code Ann. §§ 25-11-141, 25-15-3, 25-15-9, 25-15-11, 25-15-14 and 25-15-15 to remove certain provisions regarding the implementation of a plan of health insurance designed by the Board of Trustees of the Public Employees' Retirement System of Mississippi; and
- Repeals Miss. Code Ann. §§ 25-11-143 and 25-11-145 which require the Board of Trustees of the Public Employees' Retirement System of Mississippi to design a plan of health insurance for all current and future retirees and provide when such plan shall be implemented.