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**THE
GUARDIAN**

Mississippi Retired Public Employees' Association
Quarterly Newsletter


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See page 2 for
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**BE ALERT! BE INFORMED! BE
PROACTIVE!**

HAPPY NEW YEAR! By now you will have received your annual Cost of Living Adjustment to help you pay your property taxes, insurance and other expenses. The COLA helps balance the effects of inflation in much the same manner as Social Security increases with inflation. Many people do not understand that our base benefit remains the same from the day we retire until the day we die. How would you be affected if you did not receive your COLA? The issue of the COLA is the most discussed aspect of our state retirement system and the most misunderstood. Most people do not realize that the AVERAGE state retiree annual benefit is \$23,823 INCLUDING the COLA, one of the lowest in the nation. There is ongoing discussion among some members of the Mississippi legislature and its leadership regarding freezing the COLA for several years, reducing the amount or even doing away with it altogether. Although they have no authority to make any change to the base benefit you receive, they believe that they do have authority to make changes to the COLA.

We have received some negative press over the last several months—typical misinformation and rhetoric from members of the private sector who oppose defined benefit plans in favor of a 401K. We have included excerpts from some of these articles so that you will be aware of the way many Mississippians feel about our retirement system. Most do not realize that state employees contribute 9% of our salaries to PERS monthly mandatorily with the promise of receiving retirement benefits when we are eligible to retire. Seventy-three percent of the cost of the retirement system comes from these mandatory contributions and investment benefits. We have met with members of the press and shared “the other side of the story” with facts and figures regarding PERS and hope there will be a publication soon.

2019 is an election year. Candidates for statewide office and the Mississippi legislature must qualify to run by March 1. The general election will take place in November. Make sure that you take time to speak to your legislators and the other candidates running about making sure your state retirement benefit is not changed in any way. We will be conducting a survey following the qualification deadline and will share the results with you as we receive them. We will also be providing you with facts and talking points you can use when speaking with your legislators. The goal is not to “threaten”, but to make sure your interests are being protected by the people you elect to serve you. This is how the system works. Because this is an election year, the legislature typically does not address controversial issues that may affect election outcomes, so it is unlikely that any legislation dealing with PERS will be considered this year.

However, this does not mean we can be complacent. We will be monitoring legislation as it is introduced this year. As yet, the Legislative Budget Committee has recommended no funds to address the additional employer contribution the PERS board has recommended. The Governor has included funds in his budget request, but it is the legislative budget request that will be considered.

You can make a difference! Thanks for being a part of MRPEA!

Ann Thames, MRPEA President

MRPEA DISTRICT DIRECTORS

DISTRICT 1

Forrest, George, Greene,
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Wynona Winfield
(601) 955-4525
wwlsubeach@yahoo.
com

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Adams, Amite, Claiborne,
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Tony Byrne
(601) 431-2250
annetteb@cablone.net

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James Cushman
(601) 739-3560
2cushes@bellsouth.net

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Joe Johnson
(601) 624-6642
joej1946@gmail.com

Excerpts from articles about PERS as referenced in MRPEA President's letter

The following excerpts were recently printed in articles by various publications. We feel it is important for you to know what stance opponents of PERS funding are taking. Equally important for you to know is MRPEA's response, which is written in italics in the last column following the excerpts.

MISSISSIPPI TODAY

NOV 9, 2018

Legislative leaders expect modest revenue growth next fiscal year
By Bobby Harrison

...If growth reaches 2.6 percent, as anticipated, then legislative leaders will have \$5.8 billion in general fund revenue for various state programs, ranging from education to health care to law enforcement.

...One of the biggest drains on revenue collections continues to be corporate tax collections. For the year, corporate tax collections are down 5.5 percent or \$5.5 million

The decline comes as 2016 legislation that reduced corporate tax collections by more than \$300 million is being phased in.

Use tax collections, such as the 7 percent levy on items purchased on the internet, is up 19.2 percent or \$15.2 million for the year. The state's two largest sources of revenue, the sales tax on retail items is up 2.5 percent or \$14.1 million and the tax on personal income, is essentially level, up \$3.1 million or 0.5 percent.

THE NORTHSIDE SUN

JULY 12, 2018

Mississippi PERS Insatiable Appetite

...Start with slowing down the cost-of-living adjustment, which raises the benefit by three percent annually, no matter what inflation has been running.

Then, up the amount that current employees kick in. Although the current nine percent is a hefty chunk, if state employees want to maintain

the generous retirement benefit plan they have, they can't expect to keep hitting up the taxpayers to cover projected shortfalls. They'll have to shoulder a greater share of the burden, too.

Once state workers feel the pain of that, it should make them more open to the most critical reform of all - moving away from a defined-benefit plan to a variable benefit one, such as a 401(k), where the payout at the end depends on the performance of the investment.

MISSISSIPPI BUSINESS JOURNAL

OCTOBER 28, 2018

PERS sees taxpayers as their evergreen money tree

By Bill Crawford

The PERS Board of Trustees seemed happy after hearing from their actuary. The funded ratio for PERS increased and investment returns were up.

So, are things turning up for PERS?

Only if you don't mind your pocketbook getting raided.

...Yep, PERS sees taxpayers as their evergreen money tree...and the legislature lets them.

JACKSON JAMBALAYA

DEC 3, 2018

MINE! MINE! MINE!

The President of the Mississippi Retired Public Employees Association threw down a gauntlet to any legislator even thinking about changing PERS. President Ann Thames issued the warning in a newsletter recently sent to her members.

...Notice Elle Presidente makes no mention of the employer contribution rate hike. \$100 million bailout? What \$100 million bailout? Those mean ole legislators better not change anything or else they will pay. Heaven forbid they might have a few questions after the former Executive Director repeatedly assured them the last rate increase (to 15.75%) would fix everything. Of course, the \$100 million increase in PERS funding is money that won't be spent on schoolbooks for children, police officers to fight crime, or hospitals such as UMMC that serve the poor. Just

shuddup and give Ms. Thames her money.

Comments from article:

Anonymous said...

PERS is totally out of control. The employer contribution increase (from an already outrageous 15.75% to an even more ridiculous 17.4%) will in a negative budget impact of almost \$500,000 for one local government, That's a half million dollars of limited local tax revenue diverted away from public services, infrastructure improvements, and public safety to throw money at a Ponzi scheme. Somebody remind the legislators that there are a lot of voters [who do not like PERS].

Anonymous said...

Why shouldn't the people covered by this retirement plan have to pay to fund it? I worked in the private sector and paid for my fair share. Also, the general perception of many state employees is that they are underworked and overpaid. This does not reflect the general perception of those in law enforcement.

Anonymous said...

Like I have said 5 times in posts. The 13th Check is the problem. Should never have started paying it as a year end bonus. Do you think that people who [have] federal retirement get a 13th check?

MRPEA's RESPONSE

The legislature has made reducing corporate taxes, which were already low compared to the national average, a priority which lowered the amount of revenue coming into the state budget—

a self-imposed "budget crisis."

The basic PERS benefit is the same from the day a person retires until death. As of June 30, 2018, the average annual benefit is \$23,823. Employees are required to contribute 9% of their salary monthly to PERS with the promise of receiving retirement benefits, which constitutes a contract with the state to be honored - as opposed to seeing it as an "evergreen money tree."

According to PERS Facts and Figures, the pension dollar is made up of 18 cents from PERS members, 27 cents from employer contributions, and 55 cents from investment earnings. (See diagram below).

The 13th check is not an "extra" check. It is a cost of living adjustment which helps balance inflation and is taken at the end of the year by some retirees and throughout the year by other retirees. Members of PERS include law enforcement, those who heal the sick, and those who educate our children – the very people who will be hurt by underfunding or changing our existing retirement system. (See back page of Guardian Alert insert). MRPEA is opposed to any change to our existing retirement system, including the Cost of Living Adjustment (COLA).

MRPEA Highlights

The new PERS Facts and Figures are out! Visit pers.ms.gov and look under "Publications" for more information!



DISTRICT 5

Attala, Calhoun,
Chickasaw, Choctaw,
Clay, Lowndes, Monroe,
Montgomery, Noxubee,
Oktibbeha, Webster,
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Marty Wiseman
(662) 312-6166
wmw3@msstate.edu

DISTRICT 6

Bolivar, Carroll, Grenada,
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Warren, Washington,
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Preston Ratliff
(662) 897-4333
p_ratliff2000@yahoo.
com

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Mike Black
(662) 234-0442
mbinvestigations1@
gmail.com

CONTACT MRPEA

Emily Pote
Executive Director
601-919-0670
mrpea@bellsouth.net
mrpea.org