# THE GUARDIAN Mississippi Retired Public Employees' Association Quarterly Newsletter



**PUBLISHED DECEMBER 2023** 

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See page 2 for District Directors

# President's Letter

Dear Members,

I am thrilled to be writing to you today as the new President of MRPEA. I am honored to be taking on this role. First, I want to take a moment to pay tribute to our outgoing President, Steven Allen, who steered us through some challenging times. His commitment to MRPEA will never be forgotten and we wish him all the best. We do plan for him to continue to be a very valuable asset to our MRPEA organization.

We are entering a very challenging time for our Mississippi Public Employees Retirement System (PERS). Several factors including cuts in government employment (privatization) and low wage growth have harmed PERS funding. Special interests from outside and within Mississippi seek to undermine defined benefit systems including PERS. They would lead PERS members and the general public to believe that PERS is on the verge of insolvency and that the benefits you contributed towards and earned must be cut. This is simply not the case.

The system does need additional revenue to improve its funding status. That is why the PERS Board of Trustees voted to phase in an employer contribution rate increase of 2% each state fiscal year beginning July 2024, and after that, until the rate reaches the amount recommended by the actuary and approved by the Board. MRPEA supports increasing employer contributions in this manner and commends the Board for taking this action. Unfortunately, additional changes have been presented by PERS staff to the Board for consideration that would adversely impact current retirees, active employees, and future members of PERS. These changes would require legislative approval.

I urge each of you to review the information provided in this newsletter. It includes important facts on your retirement system, updates on proposed changes to the system, and presents a message for you to use in communicating with your elected officials and others regarding your retirement system. With a record surplus, the state is well-positioned to honor its commitment to PERS members by investing to fund PERS properly.

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Now that the legislative session is about to begin, we need each of you to talk to your local legislative representatives and other state and local government officials so that they can understand the importance of the PERS system. Feel free to share all of the information in this newsletter as you talk to our Legislative leadership.

In addition to this, I also would like to encourage you to bring new members on board, both retirees and active participants who will one day be retirees. Your passion and commitment to our cause will undoubtedly inspire others to join us in our efforts to ensure our future benefits are what we were promised. Once again, thank you for your unwavering commitment to MRPEA. Let's move forward with enthusiasm and unity in achieving our vision.

Sincerely,

Bonnie P. Granger President of MRPEA

## MRPEA DISTRICT DIRECTORS

#### DISTRICT 1

Forrest, George, Greene, Hancock, Harrison, Jackson, Lamar, Pearl River, Perry, Stone Wynona Winfield (601) 955-4525 wwlsubeach@yahoo.com

#### DISTRICT 2

Adams, Amite, Claiborne, Copiah, Franklin, Jefferson, Jefferson Davis, Lawrence, Lincoln, Marion, Pike, Simpson, Walthall, Wilkinson VACANT

## DISTRICT 3

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## **DISTRICT 4**

Hinds, Madison, Rankin Joe Johnson (601) 624-6642 joej1946@gmail.com

## DISTRICT 5

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

## DISTRICT 6

Bolivar, Carroll, Grenada, Holmes, Humphreys, Issaquena, Leflore, Sharkey, Sunflower, Warren, Washington, Yazoo VACANT

# PERS Update: December 2023

## PERS Facts You Can Use

- 353,006 = Total System Membership
- Assuming each PERS member has one significant other, they represent 31% of the voting-age population in Mississippi
- \$26,258 = Modest average annual benefit including Cost-of-Living Adjustment
- The bulk of PERS funding comes from investment earnings and employee contributions, not taxpayers (PERS members are taxpayers)



- 7.95% = Annualized 30-year investment rate of return
- 3.8% = The average annual rate of inflation in the US from 1960 2022
- Tax cuts reduce revenues available to fund PERS
- Cuts in government employment (privatization) along with low wage growth harm PERS

PERS Active vs. Retiree Members FY 2012 vs 2022 (in thousands)

Member Type	2012	2022
Active	163	145
Retiree	90	117
Ratio	1.81:1	1.24:1

## **Economic Impact of PERS**

- \$3.1 billion was paid to retirees last year
- 92% of these payments remain in Mississippi
- Pension payments are spent in every county and community in Mississippi
- Each dollar invested by taxpayers in PERS supports \$4.50 in economic activity
- Payments to retirees supported 22k jobs and \$195 million in state and local taxes

## PERS Update - What You Need To Know

- The PERS Board of Trustees voted to phase in an employer contribution rate increase of 2% each state fiscal year beginning July 2024 and thereafter until the rate reaches the amount recommended by the actuary and approved by the Board. MRPEA supports increasing employer contributions in this manner.
- In February 2023, PERS staff advanced a preliminary plan with three options for **cutting the COLA** that would significantly reduce benefits **for retirees and active employees.** Benefits losses under these three options are illustrated through an example provided by PERS of a member retiring at age 60 with a starting annual benefit of \$26, 258 who receives benefits until age 90 Option 1: Instituting a 3-year COLA moratorium benefits loss of \$106,917 (-8.1%); Option 2: Temporarily decreasing the COLA to 1% for 3 years benefits loss of \$71,936 (-5.5%); or Option 3: Changing from a compound to a simple 3% COLA benefits loss of \$132,590 (-10.1%). Each option in effect shifts a portion of PERS' unfunded liability (debt) from the employer to PERS members who have already or are meeting their contribution requirements. **MRPEA opposes cutting the COLA**.
- The staff plan also proposed **reducing benefits for new PERS members** by establishing a modified defined benefit plan with no guaranteed COLA (Tier 5). New members would receive \$470,810 (37%) less under this option versus the current Tier 4 plan, assuming no COLAs are provided. These losses in benefits are based on an example from PERS of a member who works from ages 30-60, with a starting salary of \$25,000 ending at \$60, 681 who receives benefits until age 85. This raises serious concerns regarding hiring and retaining a capable public service workforce in our state. **MRPEA opposes the Tier 5 plan as presented.**
- PERS staff also recommended transferring authority to make changes in the COLA to PERS. At present, retirement benefits are set in statute by the Legislature; any proposed changes to the core benefit structure, which includes the COLA, must go through the legislative process. The Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER) concluded that PERS members have a legally protected right to benefits in place at the time they enter the system. The COLA is built into state law. MRPEA opposes transferring authority to PERS to make changes in the COLA.

## Communicating With Elected Officials - Be Informed

- Core message to elected officials Provide the necessary funding to maintain current retirement benefits for retirees, active employees, and future members of PERS. Do not authorize PERS to make changes to the COLA.
- Watch the Legislative Budget Committee PERS hearing discussing cuts to PERS benefits - <a href="https://www.youtube.com/watch?v=KaPzf4xVBcl">https://www.youtube.com/watch?v=KaPzf4xVBcl</a>
- Governor's office (601) 359-3100 | Lt. Governor's office (601) 359-3200 | House Speaker's office - (601) 359-3300
- Senators and Representatives during session (601) 359-3770
- MS Legislature website: <a href="www.legislature.ms.gov">www.legislature.ms.gov</a> for Senator and Representative contact info, bill status, calendars, committee membership, and more.
- Find your state legislator www.openstates.org
- Join MRPEA and help protect your retirement benefits -<a href="https://mrpea.app.neoncrm.com/np/clients/mrpea/membershipJoin.jsp">https://mrpea.app.neoncrm.com/np/clients/mrpea/membershipJoin.jsp</a>

## DISTRICT 7

Alcorn, Benton, Itawamba, Lee, Pontotoc, Prentiss, Tippah, Tishomingo, Union VACANT

#### DISTRICT 8

Coahoma, DeSoto, Lafayette, Marshall, Panola, Quitman, Tallahatchie, Tate, Tunica, Yalobusha VACANT

## **CONTACT MRPEA**

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