

THE GUARDIAN

Mississippi Retired Public Employees' Association
Quarterly Newsletter

 **MRPEA**
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See page 2 for
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President's Letter

Dear MRPEA Member,

I encourage each of you to carefully review the information provided in this newsletter. It contains vital details about your retirement system including a summary of actions taken by the PERS board at its meeting on December 18, 2024, an overview of legislation proposed and enacted during 2024, key facts on PERS, and contact information for you to use in communicating with your elected officials and others about PERS. I am pleased to report that PERS had over \$34 billion in assets under management as of October 31, 2024 and is able to pay benefits well into the future.

However, our PERS system requires additional funding to improve its financial status. That's why the PERS Board of Trustees previously recommended additional funding for the system that included both an increase in employer contributions and cash infusions. The plan's unfunded liability currently stands at \$26.5 billion. It represents the amount earned by and thus owed to retirees and active employees and needs to be reduced much like a mortgage payment over time. Significant cuts in employment of active PERS members (due in part to privatization of government services) and the Legislature not funding benefit enhancements that it enacted in prior years have had a significant negative impact on the PERS unfunded liability.

With a record surplus, Mississippi is well positioned to honor its commitment to PERS members by making the investment needed to fund PERS properly and maintain current benefits. It should be noted that the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER) has concluded that PERS members have a legally protected right to benefits in place at the time they enter the system. However, to honor this commitment and fund other essential government services, the tax base in our state must be maintained at adequate levels. **PERS members should understand that ongoing discussions related to elimination of the state income tax could negatively impact funding of PERS and the benefits you receive.**

At MRPEA, we are dedicated to safeguarding your benefits and ensuring their continuity. However, we need your help! During the 2024 legislative session, we worked successfully with various legislative partners and many of you in support of PERS. The 2025 legislative session may pose serious challenges regarding your retirement system. We remain committed to maintaining relationships and educating decision-makers about your retirement. Your membership in MRPEA gives us the influence and resources we need to make an impact at the Capitol. We also strive to keep you informed during the legislative session and throughout the year via newsletters, emails, our website, and social media updates. Please make sure that your membership is current and reach out to other PERS members. Both active employees and retired members of PERS are eligible to join our organization. At \$20 per year, it's probably the best investment you'll ever make! <http://www.mrpea.org>. Remember, there is strength in numbers. The more members we have, the stronger our voice will be at the Capitol.

Sincerely,

Bonnie P. Granger
President of MRPEA

MRPEA
DISTRICT DIRECTORS

2024 MS Legislative Session

What you need to know

DISTRICT 1

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

DISTRICT 2

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

DISTRICT 3

*Clarke, Covington,
Jasper, Jones, Kemper,
Lauderdale, Leake,
Neshoba, Newton, Scott,
Smith, Wayne
James Cushman*
(601) 739-3560
2cushes@bellsouth.net

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*
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wmw3@msstate.edu

DISTRICT 6

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

HOUSE BILL 1590

Last session, HB 1590 passed the Mississippi House of Representatives but did not pass the Senate. The approach taken in developing and promoting HB 1590 coupled with the key provisions of the bill fostered deep concern within the PERS community. This bill was viewed unfavorably by PERS members.

The bill aimed to abolish the current 10 member PERS Board effective June 30, 2024. All members of the current PERS Board must be members of PERS. At present, eight board members representing the major membership groups of PERS are elected by statewide ballot to serve six-year terms. The State Treasurer also serves, along with one appointee of the Governor. Members of the current Board possess decades of experience managing complex organizations and financial matters at the state and local levels. Six members are accountants, two are lawyers, and three hold doctorates. They have a deep understanding of PERS acquired over many years that would have been lost overnight if HB 1590 had been implemented. Board members are advised by some of the best, competitively selected investment managers and actuaries in the country along with PERS staff. Services provided by these experts are formally reviewed on a regular basis. These factors position the current PERS Board to effectively watch over the complex operations of the retirement system.

The new Board would have consisted of 11 members including seven direct political appointees: four by the Governor, three by the Lieutenant Governor, none of whom would be required to be members of PERS. The State Treasurer and Commissioner of Revenue (the Governor's current appointee) would also serve. PERS member representation on the Board would have been reduced to one member elected by retirees and one elected by current public employees. Politicization of the PERS Board is viewed in a highly unfavorable light by PERS members.

House Bill 1590 would have done nothing to resolve the key issue facing the system - the need to reduce the unfunded liability. In fact, the bill removed the employer increase recommended by the PERS board, significantly increasing the probability of system insolvency. PERS is highly complex. At a time when stable even-handed leadership possessing many years of institutional knowledge is needed to manage PERS, HB 1590 sought a sudden termination of the current Board, replacing it with political appointees who do not have to be members of PERS. We believe that this action would have would have negatively impacted the sound operation of PERS. Working with partner organizations and PERS members MRPEA played an important role in defeating this legislation.

SENATE BILL 3231

The PERS Board submitted its funding plan to the Legislature based on recommendations of the actuary to phase in a five percent increase in the employer contribution rate over the next three years to help fund PERS. The Board also requested consideration of a cash infusion or by the Legislature to assist in reducing the unfunded liability. MRPEA supported this plan.

SB 3231 rescinded the Board request and replaced it with a 0.5 percent employer increase on July 1 of each year from 2024 through 2028. It diminished the authority of the PERS Board in setting employer rates, prescribing that the Board could make recommendations for additional funding of the PERS system, but vested the Legislature with sole authority to implement such recommendations.

The bill also affirmed the Legislature's intent to implement a new tier for future members of PERS. This would most likely lead to reduced benefits for future PERS members. At the same time the Legislature affirmed its support for any earned benefits to persons who are drawing a retirement allowance or are members of the system before July 1, 2025. In a separate appropriations bill the Legislature provided a one-time cash transfer to the system of \$110,000,000 for FY 2025. To be clear these actions do not resolve the funding needs of the system.

by Mississippi Retired Public Employees Association

2024 MRPEA ANNUAL MEMBERSHIP MEETING SUMMARY

The MS Retired Public Employees' Annual Membership Meeting was held on Tuesday, November 12 at the MS Agriculture Museum in Jackson, MS. The MRPEA President, Bonnie Granger, welcomed members and introduced the panelists who gave a PERS Update and Presentation: Ray Higgins, PERS Executive Director; Dr. Randy McCoy, Past PERS Chair and Current Board Member; and Sam Valentine, Past PERS Board Chair, Past MRPEA President Member. These three highly qualified professionals provided an inside look at PERS related legislation passed during the 2024 legislative session and explained how it would impact the system and members. They also reviewed the system's current financial status and explained work being done by the PERS Board and staff in preparation for the upcoming legislative session. MRPEA members are encouraged to attend future annual meetings to stay abreast of developments regarding your retirement system.

GOING FORWARD: 2025 MS LEGISLATIVE SESSION

It is not too early to contact your senator, representative and other key elected officials to express your opinions regarding PERS. The fact sheet which follows provides important information on PERS, messaging and contacting elected officials for your use.

PERS FACTS YOU CAN USE

- 361,104 = Total System Membership
- Assuming each PERS member has one significant other, they represent 31% of the voting-age population in Mississippi
- \$26,909 = 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)
- 7.80% = Annualized 30-year investment rate of return
- 3.8% = The average annual rate of inflation in the US from 1960 - 2023
- Tax cuts reduce revenues available to fund PERS
- Cuts in government employment (privatization) along with low wage growth harm PERS

ECONOMIC IMPACT OF PERS

- \$3.3 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 \$3.59 in economic activity
- Payments to retirees supported 20k jobs and \$265 million in state and local taxes

DISTRICT 7

Alcorn, Benton, Itawamba, Lee, Pontotoc, Prentiss, Tippah, Tishomingo, Union
Hilda Westbrook
(601) 750-7165

DISTRICT 8

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

CONTACT MRPEA

Emily Pote
Executive Director
601-919-0670
info@mrpea.org
www.mrpea.org

YOUR ELECTED OFFICIALS

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:
www.legislature.ms.gov
ov for Senator and Representative contact info, bill status, calendars, committee membership, and more.

Find your state legislator -
www.openstates.org

PERS Board Meets

THE PERS BOARD OF TRUSTEES MET ON DECEMBER 18, 2024:

- Approved the concept of a new Tier 5 for new hires: The Board considered and approved in concept a PERS Tier 5 Defined Benefit/Defined Contribution hybrid model for future employees (PERS members) that was presented by PERS actuarial consultants (Cavanaugh Macdonald) and PERS staff. As presented, the new tier would provide lower benefits to future members. The new employee contribution rate would continue at the current 9% level, but 4% of these contributions would go into a defined benefit plan and the remaining 5% would go into a defined contribution plan. The defined benefit portion of the new tier would provide 1% for each year of service vs Tier 4's 2% for the first 30 years of service and 2.5% for each year above 30. An employee's average salary benefit under the defined benefit portion of the new tier would be based on the employee's eight highest consecutive years rather than Tier 4's highest four years. The new tier did not include a guaranteed cost-of-living adjustment (COLA); rather, any COLA would be at the discretion of the PERS Board and subject to the availability of funds. A defined contribution plan is a retirement plan where an employee and/or employer contribute money to an employee's account, and the benefits are based on the amount in the account and how well it performs. **No** employer contribution would be made by PERS employers to the defined contribution portion of the Tier 5 plan. Benefits for the defined contribution portion of the plan would be determined by investment earnings, not guaranteed. Implementation of Tier 5 at the current statutory contribution rate set by the legislature **does not** adequately address system funding needs. Dr. Randy McCoy voted against this agenda item and State Treasurer David McRae abstained.
- **Tabled a proposed revision to the PERS Funding Policy that would have created an advisory committee comprised of political appointees:** PERS staff proposed a revision to the PERS Funding Policy to create a 3-member Investments and Pension Advisory Committee for the purpose of providing recommendations to the Board relative to its investments. The Governor, Lt. Governor and Speaker of the House would each appoint one member of the committee with final approval by the PERS Board. While committee members would be required to have 10 years of experience in finance, investments or pension administration, they would not be members of PERS. The current Board already has two Senate advisory members appointed by the Lt. Governor and 2 House advisory members appointed by the Speaker of the House along with one voting member appointed by the Governor. The Board, many of whom are financial professionals, is advised by Callan, one of the leading institutional investment advisory firms in the country. Board members George Dale, Dr. Randy McCoy and State Treasurer David McRae expressed concern related to this new committee and the item was ultimately tabled for further review.



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MRPEA MEMBERSHIP FORM

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or return form below with payment

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Name _____ County _____

Mailing Address _____

City _____ State _____ Zip _____

Home Phone _____ Cell Phone _____

Email _____ Date of Birth _____

Signature _____ Date _____

Mail this form with a check payable to:
MRPEA, P.O. Box 5580, Brandon, MS 39047-5580