



Employer Update

Quarterly Publication ♦ Summer 2015

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Please distribute this publication to all Administrative, Payroll, and Human Resource Personnel

New reporting system to launch in July

In July, PERS will launch its new pension administration system, which includes a new web-based employer reporting system for all covered employers (with the exception of those using SPAHRS). Employers will be migrated from the current Web-Based Employer Reporting System (WEB-ERS) to the new system, MyPERS Reporting, in phases over the next year.

The switchover to the new pension system will take place from 5 p.m. June 26 through 8 a.m. July 6, but employers will be migrated to MyPERS Reporting in phases over the following year. **During the switchover week, PERS staff will be able to view member account information, but will not be able to process requests from employers, members, or retirees.**

Each employer will receive a letter during the next year when PERS is ready for that employer to migrate to MyPERS Reporting. The letter, which will contain a web address to access the new system, will be mailed a month prior to when that employer is to begin submitting wage and contribution reports using MyPERS Reporting. The first letters will be mailed in July for the first wave of phased-in migrations in August.

In preparation for the transition and to ensure readiness for using MyPERS Reporting, the following system requirements are needed.

- Internet Explorer 9 or higher
- Java 7 or higher
- Microsoft Windows 7 or higher and these requirements:
 - 1 GHz or faster 32-bit (x86) or 64-bit (x64) processor
 - 1 GB RAM (32-bit) or 2 GB RAM (64-bit)
 - 16 GB available hard disk space (32-bit) or 20 GB (64-bit)
 - DirectX 9 graphics device with WDDM 1.0 or higher driver

After PERS notifies an employer by letter of its phase-in status, a PERS staffer will contact (via telephone) the person responsible for reporting for that employer. The PERS staffer will provide that person with the required information for initial login to

MyPERS Reporting and help with the login process.

PERS has been collaborating with Sierra-Cedar, Inc. of Alpharetta, Georgia, since September 2010

to build and implement the new

pension administration system using Oracle software.

MyPERS Reporting, which includes an online instructional guide, is expected to offer improvements for employers in reporting to PERS.

While MyPERS Reporting will look different from WEB-ERS, the transition should be relatively easy, as data formatting and product functionality will be similar and because all wage and contribution reporting requirements will remain the same.

Contact Employer Reporting, 800-444-7377 or 601-359-3589, with any questions.



Retirement Application Processing Delays

The forthcoming new employer reporting system (see article above) is one part of an overall replacement to the PERS account management software, which will launch with the reporting tool in July. Due to issues with our current, outdated account management software, PERS is experiencing lengthy processing times, which has resulted in a backlog of retirement applications. We are working as quickly and diligently as possible to process these applications. Unfortunately, this means many members who have filed for retirement are experiencing significant delays in finalizing their paperwork. For details, [visit our website](#).



Executive Director's Column by Pat Robertson

PERS Board adopts new assumed rate of return on investments

Every year since PERS began investing in equity markets (August 1980), we have aimed for (and, largely, reached or surpassed) a target of 8 percent in investment returns. In fact, our

annualized return since that time is almost 10 percent. However, with the continued volatility in the markets, predictions that the returns of the past will not be repeated, and in conjunction with our biennial experience study, PERS has reduced its assumed long-term rate of return to 7.75 percent.

What is a rate of return?

Rate of return measures investment performance. In other words, the gain or loss on an investment over a specified period, expressed as a percentage increase over the initial investment. As with the economy, the actual return on a year-to-year basis will fluctuate; therefore, we focus on how the plan is performing on a long-term basis rather than on a particular year.

PERS has experienced above-average returns in four of the past five fiscal years (14.1 percent, 25.4 percent, .6 percent, 13.4 percent, and 18.6 percent), giving us a five-year average of 14.11 percent. Our 10-year average is 7.54 percent, and our 20-year average is 8.32 percent.

The *assumed rate of return* is the rate we anticipate we will earn on investments each year. This is one of the most significant assumptions in the annual actuarial valuation process, as it is used to discount the expected benefit payments for all active, inactive, and retired members. Minor changes in this assumption can have a major effect on valuation results. The investment return assumption reflects the expected return based on the asset allocation set by the PERS Board of Trustees.

Since investing in equity markets in 1980, we have assumed that we would earn 8 percent annually, and we have met that assumption in all but nine of those nearly 35 years; three of those were due to the Great Recession and another three were

due to the dot com bust of the early millennium. However, as this article is being written, we do not anticipate meeting the 8 percent assumption for FY 2015.

Why the change in the assumed rate?

In conjunction with our biennial experience study this past April, the PERS Board approved the recommendation of our actuary, Cavanaugh Macdonald, to lower our assumed rate of return to 7.75 percent, primarily as a result of a decrease in the inflation assumption from 3.5 to 3 percent.

This decision was made with caution and prudence. A recent issue brief titled *Public Pension Plan Investment Return Assumptions*, published by the National Association of State Retirement Administrators, indicates that 7.69 percent is the average rate for this assumption among the nation's largest public retirement systems (PERS currently ranks as the 69th largest pension plan in the U.S.).

Also in conjunction with the experience study, changes were made to the demographic assumptions (i.e., withdrawals, mortality rates, disability rates, salary scales, etc.), and the wage inflation assumption (i.e., how much salaries are expected to increase) was decreased from 4.25 percent to 3.75 percent.

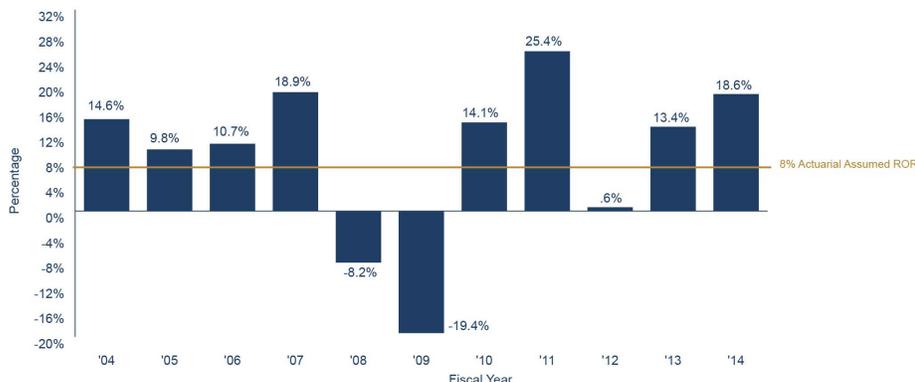
What difference will these changes make?

We review the economic and demographic assumptions and make changes to our demographic assumptions on a regular basis so that PERS does not incur large gains or losses at any one time. While these changes are necessary from a prudent management perspective, they also affect our numbers.

From an administrative perspective, the demographic changes will be implemented July 1, 2016, and will factor into the FY 2015 actuarial valuation, which will affect our unfunded accrued liability (UAL) and funding ratio. To illustrate how these changes affect our valuation, we can apply the changes to our 2014

actuarial valuation numbers and see that the UAL would have increased by \$1.5 billion to \$15.9 and the funding ratio would have decreased from to 61 percent to 58.7. However, in keeping with our long-term focus, PERS is projected to exceed our funding policy goal of 80 percent by 2042 and be funded at more than 100 percent by or before 2042, which shows that the decisions and adjustments we make now are best for the overall health of the system.

Investment Performance - Source: PERS Investments



2015 Legislative Summary

House Bill 825 - Approved by Governor
March 31

Personal Service Contract Review
Board:

- To revise the process of awarding contracts for all state agencies

House Bill 1127 - Approved by
Governor April 23

Create Iran Divestment Act of 2015:

- To create limited exceptions to the prohibition against public contracts with persons engaged in investment activities in Iran
- To prohibit PERS and the state Treasurer from investing with persons engaged in investment activities in Iran

The [PERS-Related Legislation page](#) online provides links to the full bills and histories of 2015 legislation.

Joinder Agreements

North Bolivar Consolidated School
District

Social Security and retirement coverage for all employees, effective April 30, 2015, and May 1, 2015, respectively

Sunflower County Consolidated School
District

Social Security and retirement coverage for all employees, effective December 31, 2014, and January 1, 2015, respectively

West Bolivar Consolidated School
District

Social Security and retirement coverage for all employees, effective December 31, 2014, and January 1, 2015, respectively

Reminder: GASB implementation guides

The Governmental Accounting Standards Board's (GASB) "[Guide to Implementation of GASB Statement 68 on Accounting and Financial Reporting for Pensions](#)" was released in late January.

GASB Statement No. 68 revises and establishes new financial reporting requirements for most governments that participate in a pension plan. This standard is effective for fiscal years that began after June 15, 2014. Employers should make preparations for these changes by discussing possible implications of the changes with preparers of their financial statements. [Click here to read a summary of GASB Statement No. 68.](#)

The guide may be downloaded for free at www.gasb.org or purchased in a hard copy format. [From the GASB Video & Podcast page](#), you may view a video of GASB Project Manager Michelle Czerkawski, outlining the guide.

Employers should also be aware that GASB has released Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which amends Statement No. 68 for employers and is effective simultaneously with Statement No. 68. [Click here to read a summary of GASB Statement No. 71.](#)

Want to learn more about
your retirement system?

Listen to Pat Robertson's [guest spot on Mississippi Public Broadcasting's Money Talks](#) for more about PERS and its role in the state's economy.

**MONEY
TALKS**

Employer and Employee Contribution Rates

Year*	Employer	Employee	Maximum Annual Covered Earnings	ORP Annual 415 Contribution Limit
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Public Employees' Retirement System of Mississippi and Optional Retirement Plan

2015	15.75%	9.00%	\$260,000	\$52,000
2016	15.75%	9.00%	\$265,000	\$53,000

Mississippi Highway Safety Patrol Retirement System

2015	37.00%	7.25%	**	
2016	37.00%	7.25%	**	

Supplemental Legislative Retirement Plan

2015	7.40%	3.00%	Same as PERS	
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* Fiscal Year, July 1 - June 30

** Not to exceed the annual salary of the Commissioner of Public Safety

PERS Board Regulatory Changes

These amendments to existing regulations were recently approved by the PERS Board of Trustees. To see all PERS Board of Trustees Regulations, visit [PERS online](#).

Regulation 42

Rule of Hearing Practice and Procedure before the Board of Trustees of the Public Employees' Retirement System of Mississippi (PERS)

Effective date June 1, 2015

- Amended §110.1,2,4 limiting the role of non-attorney representatives during administrative hearings thus ensuring PERS does not allow the unauthorized practice of law by non-attorneys. Claimants maintain their rights to represent themselves and/or be represented by a licensed attorney during hearings.

Regulation 49

Conditions for Existing Military Service at No Cost and Qualified Military Service Due to Interruption of Employment Available Upon Payment of Required Employer and Employee Contributions

Effective date August 1, 2015

- Regulation renamed Military Service
- Amended §101 noting that no interpretation of this regulation should limit any rights pursuant to the Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART Act).

Attorney General Opinions

January 16, 2015 - Robertson

PERS may delay payments of benefits and refunds if such delay is reasonably determined by PERS to be necessary in order to avoid the payment of amounts in excess of that authorized by law.

January 23, 2015 - Hemphill

If a PERS retiree is re-employed for half the pay for half-time work by a PERS-covered employer, reimbursement of insurance premiums paid by a re-employed retiree who elected to remain a member of the state health insurance plan by paying the entire cost thereof would violate Section 96, Mississippi Constitution of 1890, which prohibits the granting of extra compensation beyond the contract made. In addition, payment of the additional sums to the employee would exceed the

limit allowed for re-employment under §25-11-127 under the facts presented.

April 3, 2015 - Houston

If a county passes a resolution spread upon the minutes to be responsible for the employer contributions on the net fee income of its constables, then the county may determine the portion that constitutes the employer contribution of the 11 percent of gross fee income, which is required to be paid by the constables, and pay this employer portion monthly to PERS. If it is determined upon the filing of the Annual Financial Report that a constable has paid any part of the employer contribution, the county may refund this amount to the constable.

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Contact PERS

800.444.7377 or 601.359.3589

PERS Employer Hotline:
601.359.2090

Disclosure

This newsletter contains general information about your retirement system and is not a legal reference. For detailed explanations about all PERS retirement systems, call the PERS office or visit us online.

Upcoming State Holidays

PERS will be closed to observe the following holidays:

Fourth of July July 3
Labor Day September 7
Veteran's Day November 11
Thanksgiving November 26
Christmas December 25