

FORWARD



Executive Director's Column by Pat Robertson

Comparing public pensions like comparing apples to oranges

When it comes to day-to-day activities, we all like to make comparisons; however, while

it may seem a simple exercise, time and teachings have shown that comparisons made without proper context or that lack measurable parallels can create confusion and can lead to inaccurate assumptions.

This is particularly true when it comes to pensions. While what happens in some cities in California may be interesting and informative, it has little relevance to someone living in small-town Mississippi. And while what happens in Detroit is noteworthy and may be the topic of lots of media coverage, it really does not affect us here. What does matter is how the Public Employees' Retirement System of Mississippi (PERS) performs as an independent retirement system responsible to the taxpayers of Mississippi and to the members we serve. Just as an apple and an orange are two fruits with vastly different compositions and tastes, public retirement systems provide pensions but vary greatly in structure and operations.

The fallout from the city of Detroit's bankruptcy filing earlier this year has further fueled the national debate on the cost versus the benefit of public pensions—a debate that continues to

trickle down from the national level to the state level. And, while many point to Detroit's pensions as the reason for their troubles, looking deeper into the details reveals this is not the case. As this translates to Mississippi, it is important to remember that neither PERS nor the State is in a position of fiscal stress. Mississippi, as a sovereign entity, cannot file bankruptcy and has been faithful in funding the contributions necessary to pay the promised benefits.

If we, hypothetically, stopped earning income right now, on an actuarial basis, we would have almost 58 percent (61 percent at market value) of the funds needed to pay benefits for life to our 380,000 members, even those who are decades away from retirement.

PERS' funded status is calculated annually by our actuaries and monitored by the PERS Board to ensure our continued financial stability. Calculations by others do not always provide the same perspective and may include generalities when used to compare one plan to another. Our focus is on our plan, not on how it compares to another state. Just as comparing the amount you owe on your mortgage to what your neighbor owes does not provide relevant information as to your financial status, neither does comparing one pension plan to another.

Our focus at PERS is ensuring our long-term ability to meet our obligations to our members now and in the future, not on how we compare to others. We have always had that focus. We will continue to keep that focus.

The Board of Trustees adopted a funding policy establishing a fixed contribution rate with the primary focus on the long-term stability of the plan, providing a road map for the future.

PERS has emerged from the Great Recession with assets in excess of \$22 billion as of June 30, above our pre-recession high in 2007 of \$21.8 billion, and our rate of return for fiscal year 2013 was 13.4 percent. This year, we received contributions of \$1.5 billion and had net investment income of \$2.6 billion; while at the same time, we paid \$2 billion in benefits (money that helps provide retirement security to thousands and simultaneously stimulates the economy statewide).

We expect public pensions to continue to get a lot of attention, both at the local level and nationally. However, we are confident that we have developed a road map to put PERS in the financial position to ensure we will continue to meet our obligations to our members, and we refuse to let apples-to-oranges comparisons define us.



Great-West Financial selected as new MDC third-party administrator

The PERS Board of Trustees has selected Great-West FinancialSM as the new third-party administrator for the Mississippi Government Employees' Deferred Compensation Plan & Trust (MDC), replacing Systematized Benefits



Administrators, Inc. (SBA). The current investment options will remain the same with the transition in third-party administration from SBA to Great-West Financial.

The MDC third-party administrator enrolls participants, maintains individual accounts and other records, disburses benefits to participants and beneficiaries, and offers education services.

After conducting an extensive selection process for a service provider for MDC earlier this year, the Board selected

Great-West Financial based on the proposed scope and quality of services to plan participants.

Great-West Financial is a business unit of Great-West Life & Annuity Insurance Company and provides services to multiple retirement plan market segments.

Under administration by Great-West Financial, MDC will offer a fully transactional website and telephone service available 24/7, live client support from 8 a.m. to 7 p.m. Monday through Friday, online tools for managing retirement savings, educational materials and online tools to help with retirement planning, local retirement plan counselors to conduct group and individual meetings, and a walk-in office located in Jackson.

During the transition, which is scheduled to take place in January 2014, participants' money will remain invested and regular contributions will continue for active participants. Detailed information about the transition and any necessary action on participants' parts will be communicated in a comprehensive transition bulletin that will be mailed to participants in December.

Offered through the state and administered by PERS, MDC is a voluntary supplemental retirement savings plan authorized under Section 457 of the Internal Revenue Code and is available to all state employees, elected officials, employees of participating political subdivisions, and independent contractors of the state or its participating political subdivisions.



Make plans to attend one of the informational meetings that will be hosted by Great-West Financial. Details about these meetings will be in the transition bulletin, as well as provided to all employers and listed on the PERS website.

PERS re-launches website with new look, new address, easier navigation

The PERS website has re-launched with a fresh new look, updated format, and new web address.

The PERS website is one of the most convenient and valuable tools for our employers, members, and retirees to reference information, access forms, and calculate benefit estimates. The updated site now resides at www.pers.ms.gov but features all the same useful information found on the former site.

The redesign offers a more inviting web experience that marries the established PERS identity with the unique online needs of members, retirees, and employers.

With easily identifiable navigation panels on the home page for members, retirees, and employers and streamlined content throughout the site, the redesign allows guests to find desired content more readily and improves content clarity and readability.

We hope you find the new website adds value to your online experience with PERS. Please be sure to update any links or bookmarks to our new site address.



Reminders

PERS-sponsored Medicare supplement

Monumental Life Insurance Company's Retiree Medical Insurance Plan will have a new Medicare supplement premium effective January 1, 2014. The new monthly premium will be \$140.50 per insured participant (a decrease of \$3.50 a month).

Open enrollment for the retiree Medicare supplement insurance is being held through December 31.

Lump sum COLA payments

Cost-of-Living Adjustment (COLA) payments for those who receive the COLA in a lump sum payment will be deposited December 16. For retirees receiving paper checks, those checks will be mailed December 13.

IRS Forms 1099-R

IRS Forms 1099-R for calendar year 2013 will be mailed by PERS no later than January 31, 2014.

2014 tax withholdings

The 2014 federal tax withholding tables should be released by the Internal Revenue Service at the end of 2013.

In early 2014, PERS will recalculate the tax withholding for all affected retirees. Any change in your tax withholding would take place either February 1, 2014, or March 1, 2014—depending on when the tables are released—and will be reflected on your direct deposit notice or your check stub if you receive benefits by paper check.

2013 Brief PERS Legislative Summary

House Bill 369 - Approved by Governor April 17

Coverage - Mississippi Charter Schools Act of 2013 codified:

- To prohibit employees in charter schools from participating in PERS; but
- To allow employees in charter schools to participate in retirement and other benefits programs made available by their employer.

House Bill 1174 - Approved by Governor March 20

Definition of Earned Compensation - Amends Miss. Code Ann. § 25-11-103(k):

- To prospectively exclude the value of maintenance (employer-provided housing, utilities, meals) from earned compensation and

to grandfather those who have maintenance reported to PERS as earned compensation as of June 30, 2013;

- To clarify that employer-paid health and life insurance premiums for an employee are not earned compensation, whether taxable or nontaxable to the employee;
- To prospectively exclude performance-based incentive payments from earned compensation; and
- To clarify that in-kind benefits are not reportable to PERS as earned compensation.

Visit PERS online for a full listing of recent PERS legislation.

Changing your account information

Keeping PERS up to date with changes to your name, address, and/or spouse and beneficiary information, will allow us to provide you with the most efficient service possible, including timely delivery of your PERS newsletter, issuance of your annual Internal Revenue Service Form 1099-R each January, and any other mail out from your retirement system.

For the protection of our retirees and members, PERS does not accept a change of address or change of beneficiary over the telephone.

To make a change to your account, submit a completed PERS Form 1C, *Change of Information*, which can be found in our online Forms page.

PERS Facts & Figures updated for FY '13

Recently updated with data from fiscal year 2013, PERS Facts & Figures includes key information and statistics about System membership, assets, investments, and actuarial data. Using easy-to-read charts, graphs, and maps, provides information about PERS' financial state.

Visit the Publications page on the PERS website to view.

Upcoming State Holidays

PERS will be closed to observe the following holidays:

Thanksgiving... November 28 and 29

Christmas..... December 24 and 25

New Year's Day January 1

PERS Board of Trustees

Board Chairman & State Employees Representative
H.S. "Butch" McMillan

Retirees Representatives
Randy D. McCoy
Richard C. Miller

Public Schools and Community/Junior Colleges Representative
Lee Childress

Gubernatorial Appointee
Jack Wilson

County Employees Representative
Bill Benson

Institutions of Higher Learning Representative
Cecil L. Hill

Municipal Employees Representative
Vacant

State Employees Representative
Vacant

State Treasurer
Lynn Fitch



429 Mississippi Street
Jackson, MS 39201-1005

PRSRT STD
U.S. Postage
PAID
Jackson, MS
Permit No. 531

Contact PERS

800.444.7377 or
601.359.3589
www.pers.ms.gov

Disclosure

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

Retiree organizations

Now that you are retired from covered employment, you may want to stay in touch with your fellow retirees. Below are two retiree organizations in Mississippi that provide such opportunities for staying active in and alert to issues that affect PERS retirees.



Mississippi Retired Public Employees' Association (MRPEA)

MRPEA promotes the health, well-being, quality of life, and financial interests of members and retirees of PERS. Open to both active PERS members and to all PERS retirees.

www.mrpea.org



Retired Education Personnel of Mississippi (REPM)

REPM serves the interests of retired education personnel in the state.

www.msrep.org

2014 Direct Deposit & Check Mailing Schedule

Find this listing and other helpful resources online.

Monthly Check	Will Be Deposited	or	Will Be Mailed
January	Thursday, 1/2/14		Tuesday, 12/31/13
February	Monday, 2/3/14		Friday, 1/31/14
March	Monday, 3/3/14		Friday, 2/28/14
April	Tuesday, 4/1/14		Monday, 3/31/14
May	Thursday, 5/1/14		Wednesday, 4/30/14
June	Monday, 6/2/14		Friday, 5/30/14
July	Tuesday, 7/1/14		Monday, 6/30/14
August	Friday, 8/1/14		Thursday, 7/31/14
September	Tuesday, 9/2/14		Friday, 8/29/14
October	Wednesday, 10/1/14		Tuesday, 9/30/14
November	Monday, 11/3/14		Friday, 10/31/14
December	Monday, 12/1/14		Friday, 11/28/14
December COLA*	Monday, 12/15/14		Friday, 12/12/14

* Cost-of-Living Adjustment check for eligible recipients