



A New Member's Guide

Welcome to PERS

Public Employees' Retirement System of Mississippi



Welcome Aboard

Congratulations on your new job! Among the benefits offered in your employer's human resources package is membership in the Public Employees' Retirement System of Mississippi (PERS).

Your Membership

PERS covers employees of state agencies, public schools, community colleges, universities, and participating political subdivisions like cities and counties, and participation is mandatory, which means you are required to contribute a set percentage of your salary toward your retirement while you are employed in PERS-covered service. Additionally, your employer pays contributions to the plan so that, once you retire, you will receive monthly benefits for life. Furthermore, the money you contribute is tax-deferred until you begin receiving retirement benefits or

unless you refund, which you may only do if you terminate employment from all PERS-covered employers. You cannot receive loans, partial refunds, or hardship withdrawals of your contributions.

As a new member, your first step toward retirement is to become vested, which happens when you have worked the required number of years of service as a contributing member. Being vested entitles you and your beneficiaries to certain benefits when you reach a specified age or years of service. If you became a member of PERS on or after July 1, 2011, you are in PERS Retirement Tier 4 and must work eight years to vest.

You remain a member of PERS as long as you leave your funds in your member account. Your membership can only be terminated by refunding or upon your death.

Never Too Early to Plan

Contributing toward your retirement may not be your top priority right now, or even something you want to do. But making the sacrifice now could mean greater peace of mind and stability later.

One of the best starting points for planning for your future is to understand the benefits offered to you and your loved ones by PERS. This guide can provide you with a general overview about your retirement plan; however, we encourage you to read through the PERS Member Handbook (found online) or contact us any time you have a question.



Providing Benefits for Life

Your Benefits with PERS



Two Types of Pensions

There are basically two types of pensions: defined benefit plans and defined contribution plans.

Defined Benefit Plans

PERS is a defined benefit plan, which is a plan designed based on strength in numbers, automatic participation, and pooled risk so that members may receive a benefit for life at retirement.

While you and your employer contribute to PERS on your behalf, your benefit is not based on these contributions. Instead, your benefit is based upon a formula that factors your years of service credit and your average compensation.* The contributions plus investment earnings on those contributions constitute the trust from which benefits are paid. These investments are handled by professional investment managers hired by the PERS Board of Trustees.

Defined Contribution Plans

Under a defined contribution plan—like 401(k), 403(b), and 457 plans—retirement benefits are based on the investment earnings on contributions. You control how your money is invested, and you can take your account balance with you when you leave employment.

* *Average compensation is defined as a member's average salary for the four highest paid years of employment.*

Protecting Your Loved Ones

PERS provides disability and survivor coverage to help give you peace of mind about the well-being of you and your loved ones should you become permanently disabled or die before retirement. Details on each of these benefit plans and eligibility requirements are provided in the PERS Member Handbook, PERS Disability Retirement Guide, and PERS Survivor Retirement Guide (all found online).

Guarding Your Assets

PERS is administered by its 10-member Board of Trustees, which includes the state treasurer, one gubernatorial appointee, and eight trustees elected by members like you. The Board, in conjunction with its consulting actuary, monitors System funding to ensure the plan remains financially sound.

Keeping You Informed

Along with providing a statement about your account status every fall, PERS provides newsletters, annual reports, educational opportunities, and a team of dedicated and trained staff to answer your questions or provide you with information should you need to contact PERS. You may also request that PERS come to your area to present an Early Career/New Employee seminar. To request this seminar, simply email retirementeducation@pers.ms.gov.

Saving for Even More Peace of Mind

Retirement Stability

The best time to begin saving for the future is now, using the three-legged-stool approach to retirement planning.

Your defined benefit with PERS will provide one important leg of retirement security. In addition, a strong retirement strategy includes Social Security and personal savings.

This three-legged-stool approach provides a strong and stable foundation for a more secure retirement.

Even Small Investments Can Make a Difference

Regardless of whether you are a couple of decades or just a few years from retirement, you should consider enrolling in Mississippi Deferred Compensation Plan & Trust (MDC) because small investments now could result in large rewards later.

MDC is a voluntary supplemental tax-deferred retirement savings plan offered through PERS to all state employees, elected officials, employees of participating political subdivisions, and independent contractors of the state or participating political subdivisions. It is a convenient and valuable way to supplement retirement income regardless of your age and salary and no matter how investment-savvy you may be. Plus, plan participation offers two tax advantages:

- Your current income taxes are reduced immediately because you defer part of your compensation.
- Any interest and/or earnings also accumulate on a tax-deferred basis until paid.

If you enroll in MDC, the actual amount you will have at retirement will be determined by (1) how much you invest, (2) when you begin investing, and (3) the performance of your investments. For example, a biweekly contribution of \$25 (\$650 a year) that earns an annual compounded return of 7 percent, will produce the following:

- After five years: \$3,872
- After 10 years: \$9,304
- After 20 years: \$27,605
- After 30 years: \$63,607

For more information, visit MDC online at www.mdcplan.com.





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Disclaimer

This guide is published for members of the Public Employees' Retirement System of Mississippi (PERS) to provide general information regarding PERS laws, policies, and regulations and is subject to periodic revision as laws, policies, and regulations change. See all current PERS Board of Trustees Regulations at www.pers.ms.gov/Content/Pages/Board-Regulations.aspx.

PERS administers the benefits described in this guide on behalf of participating employers. This guide is meant to serve as a general reference to our members and should not be used as a legal reference or a complete statement of the laws or administrative rules related to retirement. If any conflict exists between the information in this guide and the applicable laws or administrative rules, the laws and administrative rules shall prevail.

Other Resources

The following resources can be found on the PERS website.

- PERS Member Handbook
- PERS Disability Retirement Guide
- PERS Survivor Retirement Guide
- PERS Board Regulation 36, *Eligibility for Membership in the Public Employees' Retirement System of Mississippi (PERS)*
- PERS Board Regulation 60, *Contribution Rates*