PERS of MISSISSIPPI

Mid-Career and Retirement-Eligible

Pre-Retirement Guide

Public Employees' Retirement System of Mississippi

Never Too Early to Plan

Planning for retirement is not a one-size-fits-all process. Everyone has his or her own schedule and timeline. However, one common thread in everyone's planning process should be to start early.

From the day you start working, you should begin preparing for retirement. Once you start working for an employer covered by the Public Employees' Retirement System of Mississippi (PERS), you should seek to understand how PERS figures into your retirement planning and preparation.

Retirement preparation and planning with PERS includes:

- Tracking your account information;
- Deciding what your financial needs will be and how many years you will work;
- Understanding how service credit works and resolving any associated questions or concerns;
- Understanding the options available to protect you and your loved ones;
- Scheduling time to learn more about your options; and
- Taking advantage of a defined contribution savings plan.

This PERS Pre-Retirement Guide provides a retirement-planning overview for mid-career and retirement-eligible PERS members. While this guide should provide a sufficient overview for those who are a few years away from retirement, the PERS Service Retirement Guide is also available to give insight into the actual retirement application process for members who are eligible and ready to retire now.

Understanding PERS

Understanding your retirement plan does not have to be complicated, especially with the tools we offer. For more information about PERS, visit us online or read through the PERS Member Handbook. Other resources include newsletters, annual reports, member statements, educational opportunities, and a dedicated staff to talk with you one-on-one. We are here to help you understand your retirement system.

Know Your Numbers

Get Audited

PERS works diligently to keep member accounts accurate and up to date; however, the best manager of your account is you. While the exception, mistakes can be made that result in inaccurate account data. Early detection of account errors results in less frustration and better accuracy when you begin the actual retirement process. Ask for an audit of your account as soon as you start thinking about retiring.

Read Member Statements

You should receive a mailed member statement from PERS every fall, provided we have your current mailing address. Changes to your name or address may be made using Form 1C, *Change of Information*, which is available online.

Along with basic member information, your statement provides total account balance, total years of service, current beneficiary information, and your applicable retirement tier. If you are within fours years of retirement eligibility, your statement will provide your projected date of retirement eligibility, estimated average compensation, and estimated annual service retirement benefit using the maximum benefit option.

You are responsible for reviewing your statement and contacting PERS if you find any inaccuracies or have any questions. You may also ask PERS at any time for an audit of your account.

Contact PERS Monday - Friday, 8 a.m. to 5 p.m.
429 Mississippi Street, Jackson, MS 39201-1005
800.444.7377 or 601.359.3589
www.pers.ms.gov

PERS of MISSISSIPPI

Member Statement

Retirement Plan:
Public Employees' Retirement System of Mississippi (PERS)

**********AUTO**5-DIGIT 39629
0613000 ACT 1796
JANE DOE
123 SMITH STREET
JACKSON, MS 39211

Social Security Number: 000-00-0000
Date of Birth: 00/00/0000
Gender: F

Member Information as of June 30 *(Subject to audit, verification, and/or correction)*:

Total Account Balance: $00,000.00

Total Years of Service: 00.00

Your PERS Retirement Tier: 2

Service Retirement Benefits:
Retirement eligibility is age 60 if vested or any age with 30 or more years of creditable service (25 years if hired before July 1, 2011). You must terminate PERS-covered employment to be eligible to retire. Information is provided below only if our records show that you may be eligible for service retirement benefits within four years of May 31, 2015. Visit www.pers.ms.gov to help you prepare for retirement by downloading our pre-retirement or service retirement guides and to generate a detailed estimate listing other available options using the **PERS Benefit Estimate Calculator**.

Projected Date Eligible for Service Retirement: 00/00/0000
Estimated Average Compensation: $00,000.00
Estimated Maximum Annual Service Retirement Benefit: $00,000.00

Beneficiary(ies): Name	Date of Birth	S.S. Number	Gender	Type	Percentage
JOHN DOE	00/00/0000	***-**-0000	M	PRIMARY	0%
RICHARD DOE	00/00/0000	***-**-0000	M	SECONDARY	0%
SALLY DOE	00/00/0000	***-**-0000	F	SECONDARY	0%
WILLIAM DOE	00/00/0000	***-**-0000	M	SECONDARY	0%

Providing Benefits for Life

See reverse for more information

Seek Eligible Service Credit

While working in a PERS-covered position where wages are properly reported and applicable contributions are paid, you earn membership service, generally one quarter for every three months and, after July 1, 2017, in monthly increments equal to .0833 (1/12th) of one year for each qualifying month of service. The years you earn are important because they not only determine when you can retire, they are used to help calculate your benefit.

However, you may be eligible for other service credit (for purchase or at no cost) to count toward your retirement if you are vested and you meet the qualifications. The PERS Member Handbook provides details on service credit options (e.g., unused leave, retroactive service, out-of-state service, military service, and refund paybacks), and how to apply for additional service credit, if applicable.

Calculate Benefit Estimates

The Benefit Estimate Calculator on the PERS website allows you to input your information to generate an estimate of benefits under all options, including the Partial Lump Sum Option (PLSO) distribution, if eligible.

This tool will help you to plan and prepare for living in retirement. Take some time to plug in your numbers today!

PERS Retirement Tiers

As outlined in the chart below, your date of hire and entry into PERS dictate your retirement tier. Each tier has its own required vesting period, required years of service to earn retirement eligibility, service retirement formula, Partial Lump Sum Option (PLSO) eligibility, and non-duty-related-disability plan.

As long as you do not refund your contributions, you remain in the same retirement tier if you terminate employment.

Retirement Tier	Hire/Entry Date	Vesting Period	Retirement Eligibility	Service Retirement Formula	PLSO Eligibility	Non-Duty-Related Disability Retirement
Tier 1	June 30, 1992, or earlier	4 years	25 years at any age or age 60 and vested	2 percent per year for up to 25 years, plus 2.5 percent per year for each year over 25; Minimum monthly benefit under Maximum Retirement Allowance Option of $10 per month for each year of service	28 years at any age or age 63 and vested	Age-Limited Plan, unless elected coverage under Tiered Disability Plan
Tier 2	July 1, 1992, through June 30, 2007	4 years	25 years at any age or age 60 and vested	2 percent per year for up to 25 years, plus 2.5 percent per year for each year over 25; Minimum monthly benefit under Maximum Retirement Allowance Option of $10 per month for each year of service	28 years at any age or age 63 and vested	Tiered Disability Plan
Tier 3	July 1, 2007, through June 30, 2011	8 years	25 years at any age or age 60 and vested	2 percent per year for up to 25 years, plus 2.5 percent per year for each year over 25; Minimum monthly benefit under Maximum Retirement Allowance Option of $10 per month for each year of service	28 years at any age	Tiered Disability Plan
Tier 4	July 1, 2011, or later	8 years	30 years at any age or age 60 and vested	2 percent per year for up to 30 years, plus 2.5 percent per year for each year over 30, with an actuarial reduction for each year of creditable service below 30 or for each year in age below age 65, whichever is less; No minimum monthly benefit	33 years at any age	Tiered Disability Plan

Decide How Many Years to Work

More Years Means Higher Benefit Payments

A little planning and patience could make a big difference in your benefits when determining the best time for you to retire.

While retirement may seem far away right now and the idea of working more than the minimum number of required years may seem daunting, your tenacity and perseverance could lead to more change in your pocket when you get ready to leave the workplace.

Simply put, the longer you work, the higher your benefit could be. Each year that you work in covered service beyond the minimum 25 or 30 (based on your retirement tier) increases your Service Credit Factor (used to calculate your monthly benefit) by 2.5 percent. Plus, any pay raises during these years could increase your average compensation (also used to calculate your monthly benefit), thereby further increasing your monthly benefit. These increases also positively affect the base upon which your Cost-of-Living Adjustment (COLA) is calculated.

The chart at right illustrates how a member's annual maximum benefit (including the COLA) can significantly change based on working five years longer. From a retirement planning perspective, working additional years also allows you to continue to build any other retirement savings, such as deferred compensation funds (see page 7) through additional contributions and, potentially, investment income.

Partial Lump Sum Option

Another benefit of working longer is becoming eligible to select a Partial Lump Sum Option (PLSO) distribution at retirement in an amount equal to 12, 24, or 36 months of your maximum benefit. Eligibility is based on the applicable retirement tier (see page 3) and is only available to first-time retirees.

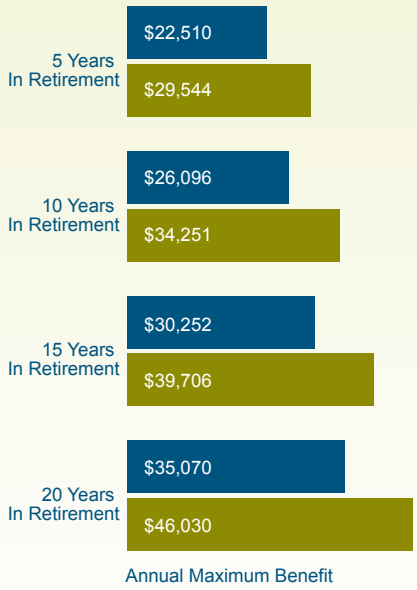
The PLSO reduces your monthly benefit for life, but could provide you with a needed lump sum of money for beginning your retirement. Seek assistance from a financial advisor and/or a tax professional to help you decide if selecting the PLSO is the right choice for you and your retirement needs.

The Five-Year Difference

The chart below illustrates how a member's annual maximum benefit (including the COLA) can significantly change based on working five years longer. While the illustration below is for retirement tiers 1 through 3, the same principle applies for members in retirement tier 4.

25 Service Years
$40,000 average compensation
$20,000 annual maximum benefit at age 60

30 Service Years
$42,000 average compensation
(assumes 1 percent average annual salary increase)
$26,250 annual maximum benefit at age 65



Protect Your Survivors, and Stay Informed

Survivor Benefits

An untimely death of a loved one is difficult, but having a firm understanding of survivor benefits can make navigating these troubled waters a bit easier for your beneficiaries.

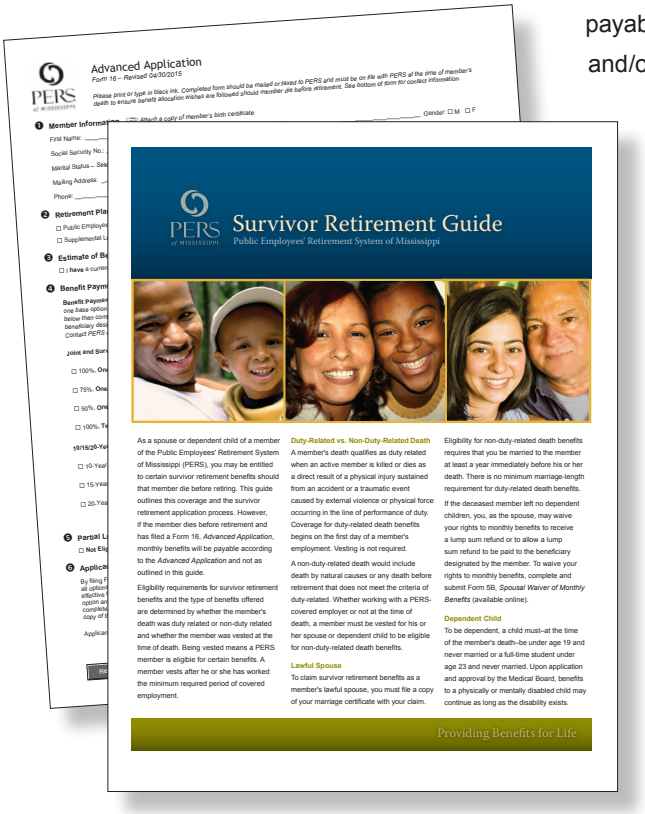
Coverage for duty-related death benefits begins on the first day of your employment and is available to your spouse and dependent children regardless of your vesting status. If you are vested, your spouse and dependent children may be eligible to receive benefits under either non-duty or duty-related death benefit provisions, whichever provides the higher benefit. For more information, refer to the PERS Survivor Retirement Guide and make sure your loved ones know about this valuable resource, as well.

Advanced Application

If you decide to continue to work after becoming eligible to retire, filing Form 16, *Advanced Application*, (found online) is important because it establishes how your benefits are to be paid in the event of your death before retirement.

Regardless of who you have named as beneficiary, survivor benefits are payable first to your lawful spouse and/or dependent children unless you have filed an *Advanced Application*.

Filing an *Advanced Application* does not lock you in to a particular retirement option or beneficiary; you may file a new *Advanced Application* at any time prior to your effective date of retirement. For more information, refer to the PERS Member Handbook.



Advanced Application

Form 16 – Revised 04/30/2015

PERS of Mississippi

Survivor Retirement Guide

Public Employees' Retirement System of Mississippi

As a spouse or dependent child of a member of the Public Employees' Retirement System of Mississippi (PERS), you may be entitled to certain survivor retirement benefits should that member die before retiring. This guide outlines this coverage and the survivor retirement application process. However, if the member dies before retirement and has filed a Form 16, *Advanced Application*, monthly benefits will be payable according to the *Advanced Application* and not as outlined in this guide.

Eligibility requirements for survivor retirement benefits and the type of benefits offered are determined by whether the member's death was duty related or non-duty related and whether the member was vested at the time of death. Being vested means a PERS member is eligible for certain benefits. A member vests after he or she has worked the minimum required period of covered employment.

Duty-Related vs. Non-Duty-Related Death

A member's death qualifies as duty related when an active member is killed or dies as a direct result of a physical injury sustained from an accident or a traumatic event caused by external violence or physical force occurring in the line of performance of duty. Coverage for duty-related death benefits begins on the first day of a member's employment. Vesting is not required.

A non-duty-related death would include death by natural causes or any death before retirement that does not meet the criteria of duty-related. Whether working with a PERS-covered employer or not at the time of death, a member must be vested for his or her spouse or dependent child to be eligible for non-duty-related death benefits.

Lawful Spouse

To claim survivor retirement benefits as a member's lawful spouse, you must file a copy of your marriage certificate with your claim.

Eligibility for non-duty-related death benefits requires that you be married to the member at least a year immediately before his or her death. There is no minimum marriage-length requirement for duty-related death benefits.

If the deceased member left no dependent children, you, as the spouse, may waive your rights to monthly benefits to receive a lump sum refund or to allow a lump sum refund to be paid to the beneficiary designated by the member. To waive your rights to monthly benefits, complete and submit Form 5B, *Spousal Waiver of Monthly Benefits* (available online).

Dependent Child

To be dependent, a child must–at the time of the member's death–be under age 19 and never married or a full-time student under age 23 and never married. Upon application and approval by the Medical Board, benefits to a physically or mentally disabled child may continue as long as the disability exists.

Providing Benefits for Life

Retirement Education

While handbooks and guides are helpful, we understand the importance of personal interaction when you have questions or need clarification about PERS. Therefore, we offer several face-to-face training platforms for mid-career and retirement-eligible members wanting to learn more about PERS benefits.

Pre-Retirement Full-Day Seminars are conducted throughout the state to help you make or modify your long-term financial plans. Topics include estate planning; Mississippi Deferred Compensation Plan & Trust; Social Security benefits; and PERS. These sessions are helpful for retirement-ready individuals, as well as early-to-mid-career individuals who want to begin planning now.

Focus Sessions are offered every Tuesday and Thursday in the PERS Building and provide comprehensive information on PERS benefits and retirement options as well as on the retirement process. These two-hour small-group sessions are particularly helpful to members considering retirement in the next few years.

You may also contact PERS to schedule a one-on-one session with a PERS analyst.

Follow the Three-Legged-Stool Approach

Retirement Stability

Any time is a good time to start saving for the future, and using the three-legged-stool approach to saving provides a strong and stable foundation for a more secure retirement.

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

Defined Benefit Plans

PERS is a defined benefit plan. Under a defined benefit plan, your retirement benefits are based on a formula that factors your years of service credit and your average compensation.*

Funding for defined benefit plans comes from investment earnings on member and employer contributions. These investments are handled by professional investment managers hired by the PERS Board of Trustees.

Defined benefit plans are designed based on strength in numbers, automatic participation, and pooled risk so that members are guaranteed to receive lifetime benefit payouts at retirement, regardless of market downturns.

Defined Contribution Plans

Under a defined contribution plan,** retirement benefits are based on the investment earnings on your 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. These years may be calendar, fiscal, a combination of both with no overlapping, or the member's final 48 months of employment.*

** *Examples include: 401(a), 401(k), 403(b), and 457(b)*

Consider MS Deferred Compensation

Even Small Investments Can Make a Difference

Regardless of whether you are a couple of decades or just a few years from retirement, enrolling in Mississippi Deferred Compensation Plan & Trust (MDC) or like plan is an integral part of the three-legged stool approach to retirement planning.

MDC is a voluntary supplemental tax-deferred defined contribution 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, if you contribute $25 every two weeks ($650 a year) and earn an annual compounded return of 7 percent, you would have 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.

Retirement Catch-Up

MDC offers a special “catch-up” provision with higher contribution limits to allow participants to contribute more to the MDC plan when they are within three years of retirement eligibility.

As a participant in MDC, you may use the retirement catch-up provision during any or all of the three taxable years prior to the year in which you become eligible for retirement. Participation in retirement catch-up means that you may be able to defer higher amounts (up to twice the normal annual maximum).

A 50-plus catch-up is also available for employees who are at least age 50, regardless of years of service.

For more information on the retirement catch-up plans, contact MDC.

Public Employees' Retirement System of Mississippi
429 Mississippi Street, Jackson, Mississippi 39201-1005
800.444.7377 or 601.359.3589
customerservice@pers.ms.gov
www.pers.ms.gov

Other Resources

The following resources can be found on the PERS website.

- PERS Member Handbook
- PERS Service Retirement Guide
- PERS Disability Retirement Guide
- PERS Survivor Retirement Guide
- PERS Employer Guide to Certifying Leave to PERS
- PERS Board Regulation 49, *Military Service*
- PERS Board Regulation 51, *Administration of Certification of Accumulated Unused Leave for Service Credit and Lump Sum Payments of Leave at Termination/ Retirement*
- PERS Board Regulation 64, *Purchase of Service Credit in the Public Employees' Retirement System at Actuarial Cost*

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.

This guide was revised July 1, 2016.