



Summary of PERS Recommendations and Other Recent Board Actions

2024 Legislative Session

PROPOSED LEGISLATIVE CHANGES FOR 2024 SESSION

- **Adding a new tier (Tier 5) with a different benefit structure for future hires**
 - Similar structure as Tier 4 but with four-year vesting instead of eight-year vesting, a lower member contribution rate, and no guaranteed Cost-of-Living Adjustment (COLA).
 - The possibility of future COLAs would be tied to the Consumer Price Index (inflation), capped at 3 percent, and based on funding availability.
 - **Tier 5 would be for new hires only.**
- **Changes to the Optional Retirement Plan (ORP) to maintain or lower the employer's match to the ORP (defined contribution plan) for future employees**
 - **Note:** ORP only applies to certain administrator or faculty positions within the Institutions of Higher Learning (IHL).
 - This change would direct the additional employer funds to the PERS unfunded liability.
 - The lower match would be for **new hires only.**
 - This change also allows the possibility of fewer third-party administrators to potentially increase efficiency.
- **Change the COLA default to monthly for future retirees**
 - **This is not a reduction in benefit;** future retirees in tiers 1-4 will continue to receive a COLA.
 - The default option for receiving the COLA would simply change from annual to monthly for members who retire on or after July 1, 2025; future retirees may still opt for the lump sum if they choose to.
- **Changes to the Mississippi Deferred Compensation (MDC) Program**
 - Proposed changes would be made **to comply with federal law**, providing for ROTH (after-tax) catch-up contributions.
 - Proposed changes would also make allowances for Qualified Domestic Relations Orders (QDROs).
- **Proposal requiring the payment of the Unfunded Actuarial Accrued Liability (UAAL)**
 - Should a covered employer be sold, dissolved, or terminated from PERS for any reason, the terminating employer would be required to pay to PERS their proportionate share of the UAAL.

FUNDING REQUESTS

- **The Board is respectfully requesting legislative consideration of additional funding, a cash infusion, direct appropriations for the past benefit increases, new revenue, dedicated revenue, or any other amount or recurring funding the state deems appropriate and feasible.**

OTHER INFORMATION

- The PERS Board has previously voted to phase in an employer contribution rate increase to 22.40, phasing it in at only 2 percent each year starting July 1, 2024. Under this board action, this equates to a 2 percent increase July 1, 2024; another 2 percent increase July 1, 2025; and an additional 1 percent increase July 1, 2026; up to the total employer rate of 22.40 percent. Separately, the Board has lowered the plan's assumed rate of return from 7.55 percent to 7 percent based on the recommendations of the actuary and others. As anticipated with the lower investment assumption, the actuaries have recommended we continue to phase in the employer contribution rate increases at 2 percent each fiscal year until we reach 27.40 percent. However, the Board has taken no action on this new recommendation and may not choose to act until the 22.40 percent employer rate is fully implemented.