

Public Employees' Retirement System of Mississippi



*You serve others.
We serve you.*



Member Handbook

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Public Employees' Retirement System of Mississippi



The Public Employees' Retirement System (PERS) is committed to providing outstanding customer service. We will accomplish this by consistently striving to provide knowledgeable, timely, and courteous service to our customers, whether they are members, benefit recipients, employers, or others who interact with the System. To accomplish this, we commit to follow these guiding principles:

Personal Service — We will respond to each person with whom we have contact as an individual, listen carefully to his or her questions, and seek to understand his or her needs. We will treat each person with dignity, respect, and compassion, working to ensure that each person feels that he or she is valued and is treated fairly. We will demonstrate a positive, helpful attitude when communicating with our customers.

Efficient Service — We will provide trained staff, knowledgeable in PERS laws, guidelines, and policies, who are accessible to our customers to answer questions or to provide information. We will work diligently to understand the needs and concerns of our customers and to communicate information accurately, clearly, and effectively. We will strive to continuously improve our policies and procedures to ensure that those policies and procedures are and remain customer-friendly.

Responsive Service — We will respond promptly to both written and verbal requests and accept “ownership” of such requests to ensure appropriate follow-up and feedback. We commit to the concept that our customers have a right to be fully informed of appropriate information, and we will actively work to ensure that they are so informed. We pledge to work to meet the needs of our customers at the initial point of contact — to “get it right the first time.”

Superior Service — We will work together, keeping in mind that our mission is to provide personal, efficient, and responsive service to our customers in a way that exceeds their expectations.

If you have a question that is not addressed in this Handbook, contact:

Public Employees' Retirement System

429 Mississippi Street

Jackson, Mississippi 39201-1005

Toll free: 1-800-444-PERS (7377)

Local: 601-359-3589

Website: www.pers.state.ms.us



PERS Building
429 Mississippi Street
Jackson, Mississippi

This Handbook is published for members and retirees of the Public Employees' Retirement System of Mississippi (PERS) to provide information concerning the benefits enjoyed by members and retirees. The information is based upon PERS laws, policies, and regulations as of January 1, 2008, and is subject to periodic revision as laws, policies, and regulations change.

This Handbook is meant to serve as a general reference to our members and should not be used as a legal reference nor a complete statement of the laws or administrative rules related to retirement. If any conflict exists between the information in this Handbook and the applicable laws or administrative rules, the laws and administrative rules shall prevail.

Member Handbook

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How to Contact PERS

Mailing Address
429 Mississippi Street
Jackson, Mississippi 39201-1005

Website
www.pers.state.ms.us

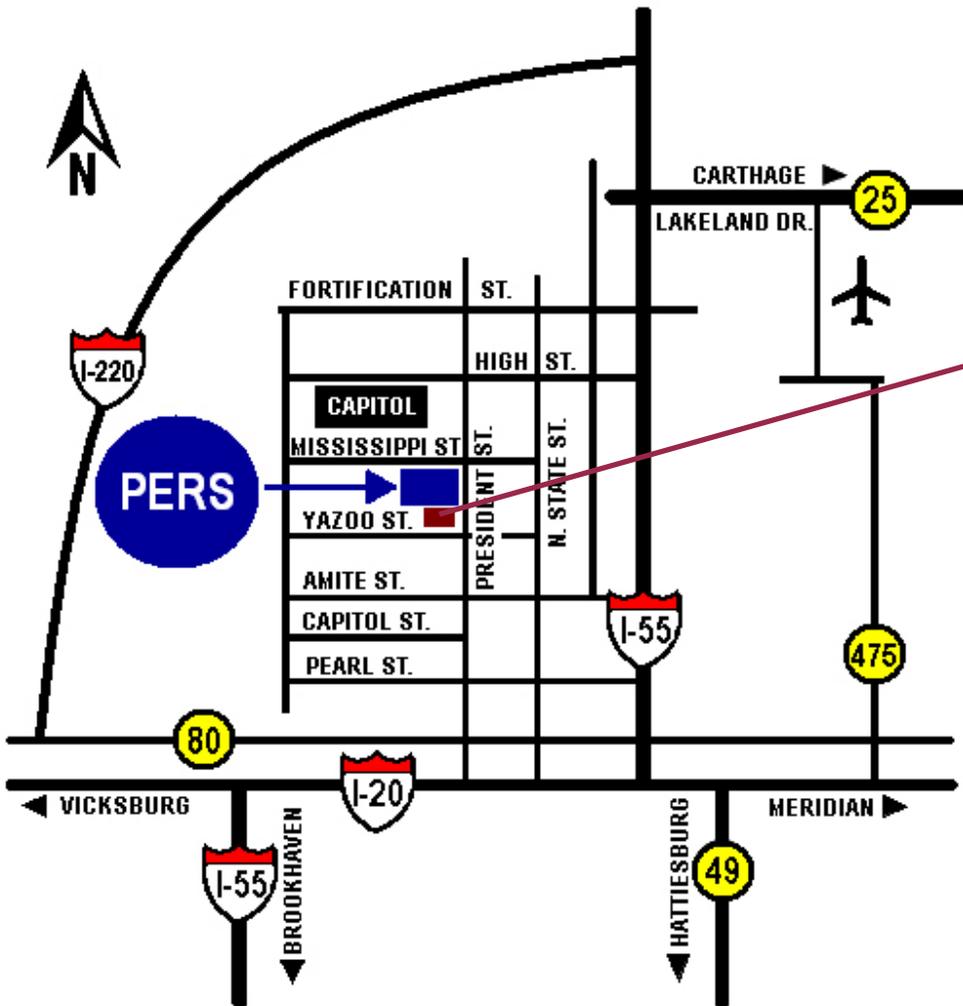
Telephone
Toll free: (800) 444-7377
Jackson area: (601) 359-3589



Email
pmailaccount@pers.ms.gov

Business Hours
8:00 a.m. to 5:00 p.m.
Monday - Friday

Map to PERS



Parking Information

Visitor parking is available in the parking garage behind the PERS Building at 429 Mississippi Street. Entrance to the parking garage is from President Street, between Yazoo Street and Mississippi Street.

Plan Information

Name of Plan

Public Employees' Retirement System of Mississippi (PERS)

Type of Plan

PERS is a governmental defined benefit plan qualified under Section 401(a) of the Internal Revenue Code.

Administration

The Public Employees' Retirement System of Mississippi is administered by a ten-member Board of Trustees which includes:

- the State Treasurer,
- one gubernatorial appointee who must be a member of the System,
- two state employees,
- two retirees,
- one representative of public schools and community colleges,
- one representative of institutions of higher learning,
- one representative of municipalities, and
- one representative of counties.

The Board also administers:

- the Mississippi Highway Safety Patrol Retirement System,
- the Supplemental Legislative Retirement Plan,
- Municipal Retirement Systems of 17 cities,
- the Optional Retirement Plan for Institutions of Higher Learning, and
- the Government Employees' Deferred Compensation Plan

The Board appoints the Executive Director of PERS, who is the chief administrative officer and serves as secretary to the Board. The Executive Director of Mississippi PERS is:

Pat Robertson
429 Mississippi Street
Jackson, Mississippi 39201-1005

Mission

The Public Employees' Retirement System of Mississippi is committed to providing secure retirement benefits and outstanding service to its current and future retirees.

Membership

The Public Employees' Retirement System of Mississippi (PERS) is the retirement system for eligible public employees who work as regular employees for state agencies, universities, community colleges, and public schools, as well as counties, cities, and other political subdivisions that have entered into Joinder Agreements to provide retirement coverage to eligible employees.



Pat Robertson
Executive Director

To participate in PERS, an individual must be employed as a regular employee whose employment is anticipated to exceed 4 ½ months. He or she must be subject to the control of the covered public employer as defined in Internal Revenue Service (IRS) guidelines, and he or she must satisfy the following general requirements:

- Be properly classified as an employee;
- Have compensation properly reported on IRS Form W-2;
- Be paid regular periodic compensation;
- Be treated as an employee for all purposes including, but not limited to, eligibility for fringe benefits, payment of employment-related expenses, payroll tax withholding, etc.; and
- Personally perform services and receive compensation for not less than 20 hours per week or a total of 80 hours per month, or in the case of contract school personnel, perform services and receive compensation for half-time or more for the academic year.

Participation in PERS is mandatory for an eligible employee if his or her employer is covered under PERS. An elected official is subject to mandatory participation in PERS if his/her position is not excluded by a Joinder Agreement or by law and if he/she receives a regular salary and is deemed to be a full-time employee in a covered position.

Active Member

You are an active member as long as you are contributing to PERS through covered employment.

Inactive Member

Your membership with PERS is considered “inactive” if you are no longer working in any PERS-covered position and do not receive a refund of your contributions. Inactive members retain their membership and the rights to future benefits, either as refunds of contributions and interest or, if vested (see page 10), as deferred retirement benefits. As a vested inactive member, your spouse and/or dependent child(ren) may be eligible for certain survivor benefits upon your death (see page 15 - 16 for details).

Funding

Contributions made by members and PERS-covered employers are invested to provide future benefits for members and beneficiaries. PERS is a trust fund. All funds are held in trust for the exclusive benefit of the members.

Plan Year

PERS’ fiscal year is July 1 through June 30.

Relationship with Employers

PERS administers the benefits described in this Handbook on behalf of participating employers.

Communication and Education

The PERS newsletter for members, *Looking Forward*, and the newsletter for retirees, *Forward*, are the main means of providing information to members and retirees. One newsletter per household is issued. Newsletters on tape are available, upon request, to members and retirees who have visual impairments. An *Employer Update* is published quarterly to provide employing agencies with the latest information. Current and past versions of PERS newsletters are available on the PERS website.

You may review seminar schedules or register for the following seminars by phone request or online at the PERS website.

Retirement Seminars are held at convenient sites throughout the state. Information is provided on a wide range of subjects. Members are provided with information to help them make the transition from employment to retirement. You must register and receive confirmation of registration to attend a Retirement Seminar.

Focus Sessions are small group sessions conducted on Tuesdays and Thursdays in the PERS main office and are limited to ten individuals. PERS staff provides comprehensive information on benefits and options available to members and the retirement process.

PERS After-Hours Sessions are held in the evening at local facilities. The sessions provide retirement education opportunities to members who are not able to attend Retirement Seminars during regular working hours.

PERS on the Move Sessions of approximately two hours are held on-site at employer worksites. Any authorized employer representative who would like to host a session should visit the PERS website to make a request.

Employer Seminars are held periodically to provide information to employer personnel who are responsible for the administration of benefits and reporting of wage information for covered employees.

Retiree Seminars lasting about 90 minutes are held periodically throughout the state. Pre-registration is not required.



Your Benefits as a Member

As a PERS member, you have benefits that are important to your financial well-being and that of your family, which include service, disability, and survivor retirement benefits.

If you become permanently disabled, you may be eligible for disability retirement benefits. If you die while a member of PERS, your spouse and/or dependent child(ren) may be eligible for survivor benefits. Details of each of these benefit plans and eligibility requirements are described in this Handbook.

Membership Information

Defined Benefit Plan

Because PERS is a defined benefit plan, your retirement benefit is determined by a formula and is not based on the accumulated contributions in your account. The benefit is based on your average compensation, your years of creditable service, and the benefit payment option you select at retirement. This benefit is funded by employee and employer contributions and investment earnings.

While working in a PERS-covered position, you earn service that counts toward a benefit when you reach retirement age. Upon retirement, you will receive a monthly retirement benefit for life, provided that you meet the age and eligibility requirements described in this Handbook.

Member Contributions

The mandatory member contribution is 7.25% of your earned compensation up to the maximum reportable earnings allowed by law and may not be voluntarily increased or decreased. Member contributions plus accumulated interest are refunded to members who choose to withdraw their contributions following termination of covered employment.

PERS law prohibits contributions and PERS retirement benefits from being assigned or attached.

Member contributions are tax-deferred — you do not pay taxes on contributions until you withdraw the funds from your retirement account. Benefits are not subject to Mississippi State Income Tax. Retirement benefits paid by PERS to you as a resident of another state may be subject to that state's tax laws.

Interest

Your account (the 7.25% member contribution) earns interest monthly at an annual rate of 3.50%. This rate is determined by the PERS Board of Trustees.

Borrowing/Withdrawing from Your Retirement Account

No provision exists in PERS Law for loans, partial refunds, or hardship withdrawals of member contributions while the member remains employed with a covered employer.

Employer Contributions

Covered employers pay an amount (called the Employer Contribution) based on the earned compensation for covered employees. The rate is recommended by the PERS actuary and approved by the PERS Board of Trustees. Both member and employer contributions are invested to provide future benefits. Employer contributions are not credited to individual member accounts and are not payable to members through refunds.

Vesting

You become vested when you accumulate eight (8) years of service as a contributing member. As a vested member, you are eligible to receive a retirement benefit from PERS at age 60 or earlier if you have accumulated at least 25 years of creditable service.

******NOTE******

If you joined PERS *before* July 1, 2007, you become vested when you accumulate four (4) years of service as a contributing member.

If you leave your job after you are vested and do not receive a refund of your contributions, you retain your right to a future benefit upon reaching retirement age, and your spouse and/or dependent child(ren) may be eligible for certain survivor benefits.

Membership Termination

Membership will remain in force until it is terminated by:

- withdrawal of contributions, or
- death of the member

Annual Member Statement

Each year, you are issued an *Annual Member Statement*. This personalized benefits statement, prepared by PERS and mailed to the address on file for you, shows the years of service you have and the total contributions and interest in your account. It also includes information about your beneficiaries and, if you are within four years of service retirement eligibility, an estimate of benefits.



Types of Service

Membership Service

Membership service is awarded for contributory service in a PERS-covered position for any period beginning February 1, 1953, or later. All wages must be properly reported and applicable contributions paid before credit will be awarded. No membership service is awarded for leave of absence without pay except as allowed through purchase of Professional Leave (see page 14 for details). Vesting with contributory membership service is required to qualify for other types of service as discussed below.

Service at No Cost

You may be able to increase your benefit by receiving other credit. The following types of service awarded at no cost are available to eligible members:

★ Prior Service

Prior service is awarded for employment in a covered position for any period of eligible employment prior to February 1, 1953. Prior service is awarded at no cost to the member and is available after vesting.

★ Active Duty Military Service

Active duty military service is available at no cost in some circumstances and may be purchased in other circumstances.

To be eligible to receive credit for active duty military service available at no cost, you must:

- 1) not have received a dishonorable discharge;
- 2) have entered state service after discharge from qualifying military service;
- 3) be vested in PERS;
- 4) not have credit for this military service in any other retirement system administered by PERS;
- 5) not have overlapping membership service for the same period of time; and
- 6) have served on active duty
 - a) in an eligible branch of the U.S. Armed Forces (Army, Navy, Air Force, Marine Corps, or Coast Guard); or
 - b) in maritime service during periods of hostility in World War II; or
 - c) in the Commissioned Corps of the U.S. Public Health Service prior to 1972. This credit is available only to members who retire on or after July 1, 2002.



If eligible, a member may receive up to four (4) years of military service at no cost; however, the service awarded may be extended if proof is provided that the member was retained in the Armed Forces or maritime service during World War II by causes beyond the member's control and without opportunity for discharge. The member must submit to PERS a copy (not the original) of the military DD-214 discharge form or other documentation acceptable to PERS.

Normal National Guard or Reserve duty does not qualify for service credit as active duty military service. However, a National Guard or Reserve member may be eligible for service credit if the unit was federally activated into the Armed Forces and if a DD-214 is provided.

Military service performed after you withdraw from covered public service or retire does not qualify for either free service or service that may be purchased. If you enter active duty after retirement and later return to covered state service, no service credit is available for any period during which you were drawing a retirement allowance.

For additional information concerning military service, refer to 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*. The regulation is available on the PERS website.

★ **Accumulated Unused Leave**

You may receive service credit for accumulated unused uncompensated leave. The provisions are different depending on whether you are in a non-elected or an elected position.

Credit for non-elected positions - The state law relating to leave and PERS Law allow service to be awarded to a vested PERS member upon retirement for lawfully accumulated unused and uncompensated personal (vacation) and major medical (sick) leave certified to PERS at or prior to retirement. State and university employees who terminate covered employment on or after July 1, 1984, and school employees who terminate covered employment on or after May 15, 1984, may receive retirement service credit for lawfully accumulated unused leave.

For members who terminate on or after July 1, 1984, the employer must have a written policy in place authorizing accumulated unused leave to be certified to PERS at termination and/or retirement in order to receive credit for that leave. Generally, accumulated unused leave is certified by the employer on PERS Form 18, *Employer Certification of Termination and Unused Leave*. For retirement purposes, policies of covered employers that allow for the accumulation of unused leave cannot exceed the provisions of the state law relating to leave. (See Appendix A.)

Credit for elected positions - Credit for elected official leave is awarded at retirement to members of PERS who serve in covered positions as elected officials. Credit for thirty (30) days of unused leave is awarded for each year of elected service through June 30, 1984. (See Appendix B for leave values for elected service following June 30, 1984.)

If you are a regular employee in a covered position but also serve as an elected official in another covered position, you may not receive credit toward retirement for accumulated unused leave under both positions at retirement. If that service is simultaneous, special elected official leave, as shown in Appendix B, applies automatically for that period of time.

Other Service for Purchase

You may be able to increase your benefit by receiving other service. The following types of service may be available to eligible members for purchase:

★ Qualifying Active Duty Military Service - UNIFORMED SERVICES EMPLOYMENT AND RE-EMPLOYMENT RIGHTS ACT (USERRA)

Under certain circumstances, you may be awarded credit for military service that interrupts public service, provided the appropriate employee and employer contributions are paid. To purchase service under USERRA, you must have worked for a covered employer and must have left employment for a military leave of absence and returned to work with the same employer within 90 days of discharge or release except as otherwise provided under USERRA.

For additional information concerning military service, refer to 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.*

★ Out-of-State Service

A vested member may purchase up to five (5) years of out-of-state service for qualifying public, nonfederal service performed

- in another state as a public employee of the other state or a political subdivision, public education system or other governmental instrumentality of the other state, or
- as a teacher in American overseas dependent schools conducted by the U.S. Armed Forces for children of U.S. citizens residing in areas outside the continental U.S.



Out-of-state service may be purchased in quarter-year increments at actuarial cost prior to retirement. PERS Form 19, *Out-of-State Certification*, is available on the PERS website.

★ Professional Leave

Professional leave is leave without pay for professional purposes directly related to employment in state service and performed with a public institution or public agency of Mississippi or another state or federal agency, as authorized by the employer. A vested member may purchase a maximum of two (2) years of qualifying professional leave for any ten (10) year period of state service. Credit for professional leave may be purchased in quarter-year increments at actuarial cost prior to retirement.

★ Non-Covered and Retroactive Service

Prior to retirement, a vested member may purchase up to ten (10) years of creditable service in quarter-year increments for certain non-covered service that is eligible to be purchased at actuarial cost. This includes service as an employee of any political subdivision or instrumentality of the state:

- a) which does not participate in PERS; or
- b) which currently participates in PERS but did not elect retroactive coverage; or
- c) for which coverage of the employee's position was or is excluded by the Joinder Agreement between the employer and PERS.

Qualifying service in excess of ten (10) years covered by the Joinder Agreement of a political subdivision may be purchased at actuarial cost prior to retirement.

★ Refund Payback and Reinstatement of Credit

If you received a refund of employee contributions and interest at the end of a previous period of covered employment, you may begin repayment of the refund immediately upon returning to covered employment. Reinstated service will be posted to your account when you become vested in PERS.

The minimum service that may be purchased is one quarter of a year. You do not have to be an actively contributing member to be eligible to repay a refund; however, you must have returned to covered service after the date of your most recent refund to be eligible to repay a refund for reinstatement of service.

The cost to repay a refund includes the gross amount of the refund plus a compounded interest charge for each year beginning with the date of the refund, based upon rates established by the PERS Board.

The PERS website offers a “Refund Payback Calculator.” If you have basic information about your refund, you may use the calculator to get information that may help you weigh your payback options. You may request an official cost from PERS, which is required to begin a refund payback.

Methods of Payment

You may purchase qualified eligible service through a lump sum payment or through an eligible rollover distribution. PERS can accept a direct transfer of funds from an eligible retirement plan or a traditional IRA in payment for all or a portion of the cost to purchase optional service or to reinstate previously forfeited service. PERS may only accept a rollover payment in an amount equal to or less than the balance due for purchase or reinstatement of service. The trustee of the other plan must provide PERS with verification that funds are eligible for transfer under the applicable federal law.

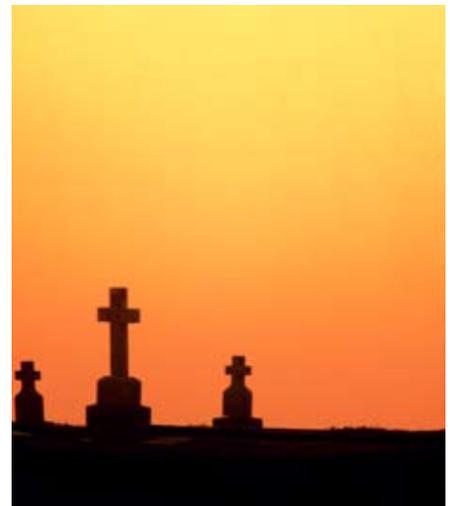
Protection for Your Survivors

Death Before Retirement

Lump Sum Refund - If you die before becoming vested in PERS, your designated beneficiary(ies), as defined by law, will only be eligible to receive a refund of your account balance.

Monthly Death Benefit Payments - If you die after becoming vested in PERS, with no *Advanced Application* on file with PERS, monthly benefits are payable to your lawful spouse and/or dependent child(ren) under the following provisions:

- **Spousal Benefits** - Your spouse to whom you have been married for at least one (1) year prior to your death will be entitled to the highest of:
 - » a lifetime benefit calculated under Option 2, the 100% Joint and Survivor Annuity; or
 - » a lifetime benefit equal to 20% of your average compensation; or
 - » a lifetime benefit of \$50 per month.



-
- **Dependent Child Benefits** - Benefits will be paid to your dependent child(ren). A dependent child is defined by law as a child under the age of 19 who has never been married, with the age extended to 23 if the child is a full-time student who has never married. Upon application and approval by PERS, benefits to a physically or mentally disabled child may continue as long as the disability exists. The benefit payable is equal to 10% of your average compensation per dependent child, up to 30% for three or more children, for the duration of the child(ren)'s dependent status.
 - **Death Benefits when Killed in the Line of Duty** - Coverage for Death Benefits when Killed in the Line of Duty begins on the first day of your employment. If you are killed in-the-line-of-duty, your spouse and/or dependent child(ren) will be eligible for monthly benefits regardless of your vesting status. If you are vested, your spouse may be eligible to receive benefits under either regular or killed on-the-job death provisions. The one-year marriage requirement does not apply to spouses applying for benefits resulting from death in the line of duty.

Claims for killed-in-the-line-of-duty benefits are calculated at 50% of average compensation, payable to your spouse until death, with 25% of average compensation payable to one (1) dependent child and 50% of average compensation payable to two (2) or more dependent children. PERS law extends the eligibility for dependent child benefits to age 23 if the child has never been married and remains a full-time student. Upon application and approval by PERS, benefits to a physically or mentally disabled child may continue as long as the disability exists.

Death benefits are payable after receipt of an application and are effective the first day of the month following the date of death. In the event of late filing, payments will be made retroactively for up to one (1) year.

Service Retirement

As a PERS member, you are eligible for a retirement benefit for life, provided you meet the applicable age and eligibility requirements.

Eligibility

You are eligible to retire at age 60 if you are vested or at any age if you have 25 or more years of creditable service. You must terminate PERS-covered employment to be eligible to retire.

Amount of Benefit

The amount of your maximum possible service retirement benefit is based on your average compensation and your years of creditable service.

Minimum Benefit

Under the Maximum Retirement Allowance, the minimum benefit is equal to \$10 per month for each year of creditable service. The minimum benefit will be reduced if you select a benefit payment option other than the Maximum Retirement Allowance.

Average Compensation

Your average compensation is calculated using your four (4) highest years of salary, which do not have to be consecutive. The total will not exceed the equivalent of 48 months of earned compensation, plus any leave payment you receive from your employer for up to 30 days of unused leave. The total, including any leave payment, is divided by four (4) to determine your average compensation. Years used can be any of the following:

- the four (4) highest fiscal years of earned compensation, or
- the four (4) highest calendar years of earned compensation, or
- a combination of four (4) fiscal and calendar years of earned compensation that do not overlap, or
- the final 48 months of earned compensation prior to termination of employment.

Salary increases or bonuses in excess of 8% per year received during the final 24 months before retirement are excluded in computing benefits unless the increase was authorized by the Legislature or State Personnel Board or resulted from a change in the position held or services rendered and the increase was not based upon a promise or agreement to retire.

Service Credit Factor

The Service Credit factor is determined by multiplying the first 25.00 years of service (or as many as have been accrued if less than 25.00) by 0.020 (2.00%), then adding 0.025 (2.50%) for each additional year of service. Service is awarded in quarter-year increments.

Service Retirement Benefit Formula

$$\frac{\text{Average Compensation}}{\text{Service Credit Factor}^*} \times \text{Maximum Retirement Allowance}$$

* See the Service Credit Factor table in Appendix C



The Benefit Estimate Calculator on the PERS website allows you to generate an estimate of your retirement benefits under all options, as well as estimates of the Cost-of-Living Adjustment (COLA/13th Check) and a Partial Lump Sum Option (PLSO) distribution for members eligible for the PLSO.

How to Calculate Your Retirement Benefit

The formula for calculating service retirement benefits is a) 2.0 percent of your average compensation multiplied by the number of years of creditable service up to 25.00 years, plus b) 2.5 percent of your average compensation multiplied by the number of years of creditable service over 25.00 years. Your “service credit factor” is the result of this calculation. For convenience, a list of calculated service credit factors may be found in Appendix C of this Handbook.

Example: The table below shows the maximum benefit calculation for a member with an average compensation of \$31,500 at age 60 with 27 years of creditable service. Use the space at the right to figure your own benefit.

		<u>Example</u>	<u>Your Figures</u>
1.	Add your four (4) years of highest salary.	\$ 30,000	1. _____
		\$ 31,000	_____
		\$ 32,000	_____
		<u>\$ 33,000</u>	_____
		\$126,000	_____
2.	Divide by 4 to get your average compensation.	$\$126,000 \div 4 = \$31,500$	2. _____
3.	Find your Service Credit Factor on the table in Appendix C	27.00 years \rightarrow 0.550	3. _____
4.	Multiply the result of Step 2 by the result of Step 3.	$\$31,500 \times 0.550 = \$17,325$	4. _____
5.	Divide the result of Step 4 by 12 to get your monthly benefit amount.	$\$17,325 \div 12 = \$1,443.75$	5. _____

Note that this is the maximum benefit calculation, and this amount may be reduced according to your benefit payment option selection.

Excess Benefit Arrangement

Some PERS members may earn a retirement plan benefit that is higher than the amount allowed to be paid from the pension fund under Section 415(b) of the Internal Revenue Code. The benefit paid from the pension fund must be reduced to the applicable federal limit. However, state law authorizes PERS to pay the “excess benefit” equal to the reduction required by federal tax law.

Benefit Payment Options Available to You at Retirement

When you retire, you may select one of the options or payment plans described in this section. Benefit amounts are calculated based on such factors as your age, the age of your designated beneficiary, and the difference between your age and your beneficiary's age, depending upon the option selected.

All benefit payment options provide you as a PERS retiree with monthly benefits for life. Benefit payment options fall into one of the following categories:

- **Single Life Annuities with Refund & “Pop-Down” Provisions***
 - Maximum Retirement Allowance
 - Option 1 (employee contributions are annuitized)
- **Joint and Survivor (J&S) Annuities with “Pop-Up” Provision***
 - Option 2, 100% J&S with one (1) beneficiary
 - Option 4A, 50% J&S with one (1) beneficiary
- **Joint and Survivor (J&S) Annuity without “Pop-Up” Provision***
 - Option 3, 100% J&S with two (2) beneficiaries
- **Guaranteed Payment Periods**
 - Option 4B with 10, 15, or 20 years certain

In addition to one of the benefit payment options referenced above, if you are eligible, you may select the Partial Lump Sum Option.

- **Partial Lump Sum Option (PLSO)**
 - 12, 24, or 36 times maximum monthly retirement allowance

* The “Pop-Up” and “Pop-Down” Provisions allow eligible PERS retirees to change their options and beneficiary designations under certain circumstances. The “Pop-Up” Provision allows a retiree who selected Option 2, the 100% Joint and Survivor Annuity, or Option 4A, the 50% Joint and Survivor Annuity, to revert to the Maximum Retirement Allowance if the designated beneficiary predeceases the retiree or if the retiree divorces the designated beneficiary. The “Pop-Down” Provision allows a retiree who chose the Maximum Option or Option 1, the Prorated Single Life Annuity, to change to Option 2 or Option 4A to provide beneficiary protection to a new spouse married after retirement.

★ Maximum Retirement Allowance with Refund and Pop-Down Provisions

When you retire on a service retirement allowance, your basic benefit is the maximum payment and is calculated using the formula on the previous page. This Single Life Annuity is the highest possible monthly benefit available to you from your PERS retirement. Payments stop upon your death. No monthly benefits are payable to any beneficiary. If the total monthly retirement benefits paid at your death is less than your contributions and interest, the remainder will be refunded to your designated beneficiary(ies). There are no restrictions on who you may name as your beneficiary. You may name one (1) or multiple beneficiaries as primary or contingent or to share proportionately. You may name a person, estate, organization, or trust as beneficiary. You may change your beneficiary(ies) at any time. If you marry after retirement, you may “pop down” to Option 2 or Option 4A to provide protection for your new spouse.

Instead of the Maximum Retirement Allowance, you can choose one of the following payment options.

★ Option 1 with Refund and Pop-Down Provisions

Pro-rated Single Life Annuity

You receive reduced monthly payments for life. No beneficiary benefits are paid following your death. This option provides a longer period that a remainder of your contributions is available to your designated beneficiary than under the Maximum Retirement Allowance.

- No monthly benefits are payable to any beneficiary(ies).
- If the total monthly retirement benefits paid at your death is less than your contributions and interest, the remainder will be refunded to your designated beneficiary(ies).
- There are no restrictions on your naming of a beneficiary.
 - You may name one (1) or multiple beneficiaries as primary or contingent or to share proportionately.
 - A person, estate, organization, or trust may be named as a beneficiary.
 - You may change your beneficiary(ies) at any time.
- If you marry after retirement, you may “pop down” to Option 2 or Option 4A to provide protection for your new spouse.
- You may not select the PLSO in addition to this Option.

★ Option 2 with Pop-Up Provision

100% Joint and Survivor Annuity for One Beneficiary

You receive reduced monthly payments for life. However, after you die, your beneficiary receives the same amount monthly for life.

- Your beneficiary’s benefit may be limited by the IRS if the beneficiary is someone other than your spouse (see Appendix E).
- Restrictions on your naming of a beneficiary include:
 - You must name only one (1) beneficiary.
 - Your beneficiary must be a person but does not have to be your spouse.
 - Your beneficiary may not be changed.
- If your designated beneficiary dies or if you divorce your spouse named as beneficiary, you may apply for a “pop up” to the Maximum Retirement Allowance.

★ Option 3

100% Joint and Survivor Annuity for Two Beneficiaries

You receive reduced monthly payments for life. However, after you die, each of your two (2) beneficiaries receives half of the same amount monthly for life.

- Your beneficiaries' benefits may be limited by the IRS (see Appendix E).
- Restrictions on your naming of beneficiaries include:
 - You must name two (2) beneficiaries.
 - Your beneficiaries must be people.
 - Your beneficiaries may not be changed at any time.
- If one beneficiary dies, your remaining beneficiary receives 100% of the monthly benefit for life.
- Payments to beneficiaries cease upon the deaths of both beneficiaries.



★ Option 4A with Pop-Up Provision

50% Joint and Survivor Annuity for One Beneficiary

You receive reduced monthly payments for life. However, after you die, your beneficiary receives half of the same amount monthly for life.

- Restrictions on your naming of beneficiaries include:
 - You must name only one (1) beneficiary.
 - Your beneficiary must be a person but does not have to be your spouse.
 - Your beneficiary may not be changed.
- If your designated beneficiary dies or if you divorce your spouse named as beneficiary, you may apply for a “pop up” to the Maximum Retirement Allowance.



★ Option 4B

Guaranteed Payment Period of Beneficiary Coverage

You receive reduced monthly payments for life. However, after you die, your beneficiary(ies) receives the same amount monthly for the remainder of your selected guaranteed payment period.

- 10 years from your effective date of retirement, or
 - 15 years from your effective date of retirement, or
 - 20 years from your effective date of retirement
- There are no restrictions on your naming of a beneficiary.
 - You may name a person, estate, trust, or organization.
 - You may name multiple beneficiaries.
 - You may change your beneficiary(ies) at any time.
 - The IRS may limit your eligibility for selecting Option 4B based on your age at retirement (see Appendix E).



Cost of Living Adjustment/13th Check

All PERS retirees and beneficiaries who have been receiving benefit payments for at least one full fiscal year are eligible to receive an annual cost-of-living adjustment (COLA). PERS' fiscal year is July 1 through June 30.

The Annual COLA Amount - The PERS Annual COLA is equal to 3% of your annual retirement allowance for each full fiscal year of retirement prior to the year in which you reach age 55, plus 3% compounded for each fiscal year thereafter, beginning with the fiscal year in which you turn age 55.

See the Cost-of-Living Adjustment Table in Appendix D of this Handbook.

Options for Receiving the Cost-of-Living Adjustment - The COLA may be paid

- in equal monthly installments from July to June, **or**
- in one lump sum payment on or about December 15.

You must irrevocably elect to receive the COLA in either 12 monthly installments or a yearly lump sum. If you do not make an election, your COLA will automatically be paid in a lump sum amount on or about December 15.

COLA Calculation

A member retiring effective July 1 would be eligible for the annual adjustment during the fiscal year beginning 12 months later on July 1. A member retiring effective August 1 would be eligible for the annual adjustment during the fiscal year beginning July 1 twenty-three months after the effective date of retirement.

Step 1 Multiply your monthly base benefit by 12 to obtain your annual base benefit.

Step 2 Multiply the number of full fiscal years in retirement prior to age 55 by 3%, and multiply that percentage by the annual base benefit found in Step 1 above. The values may also be found in the Simple Interest column of the COLA Table in Appendix D of this Handbook.

Step 3 Using the number of full fiscal years in retirement beginning with the year you reached age 55, find the appropriate factor in the table shown in Appendix D under the 3% Compound Interest column of the COLA Table. Then multiply the percentage factor from the Table by the annual base benefit found in Step 1.

Step 4 Add the amounts calculated in Steps 2 and 3 to determine your annual benefit adjustment.

Example: To demonstrate how this formula works, consider a member receiving monthly gross benefits of \$750 who retired at age 52 and who has been retired for sixteen (16) full fiscal years.

Step 1 Monthly base benefit of \$750 is multiplied by 12 to obtain an annual base benefit of \$9,000.

Step 2 The member retired at age 52 and had three (3) full fiscal years in retirement prior to age 55. Reading the Simple Interest Table shown in Appendix D the appropriate factor is 9.00% which multiplied by \$9,000 equals **\$810.00**.

Step 3. This retiree has been retired thirteen (13) full fiscal years since reaching age 55. Reading the Compound Interest column of the COLA Table shown in Appendix D, the appropriate factor is 46.85% which multiplied by \$9,000 equals **\$4,216.50**.

Step 4. **\$810.00** from Step 2 is added to **\$4,216.50** from Step 3 to get a total of **\$5,026.50** representing the COLA for the current fiscal year.

Partial Lump Sum Option (PLSO)

Effect of Choosing the PLSO

In exchange for a permanently reduced lifetime benefit, you may elect to receive a lump sum distribution in addition to a monthly retirement benefit. Based on the amount of the lump sum distribution, the monthly retirement benefit amount is figured to be the actuarial equivalent of the retirement benefit without a lump sum distribution (plus adjustment for any benefit payment option selected other than the Maximum Retirement Allowance).

A PLSO distribution will be made as a single payment around the same time your first monthly allowance is paid.

Eligibility

You are eligible to choose the Partial Lump Sum Option if you are retiring through PERS for the first time and meet the following criteria. You must:

- be a PERS member who has 28 or more years of creditable service at any age, and
- enter service (not disability) retirement, and
- not elect benefit payment Option 1.

******EXCEPTION******

If you are a member who joined PERS *before* July 1, 2007, you may be eligible to select the PLSO if you have 4 years of creditable service and are age 63 or older.

Distribution Options

At retirement, you may elect a lump sum distribution in an amount equal to either 12 months, 24 months, or 36 months of your calculated Maximum Retirement Allowance.

- The PLSO distribution may be paid directly to you, or you may choose to rollover the sum to another eligible account. Generally, 20% of a lump sum distribution paid directly to a retiring PERS member will be withheld for federal income taxes.
- If you receive a PLSO distribution before you reach age 55 (age 50 for policemen, firemen, and emergency medical technicians), the IRS may impose an additional 10% federal tax penalty on the distribution.
- All taxes and/or associated penalties are your responsibility.

Fast Facts about the PLSO

- * The actual lump sum distribution amount is based on your unreduced benefit calculated under the Maximum Retirement Allowance.
- * Regular monthly benefit payments will be actuarially reduced to reflect the lump sum distribution.
- * The smallest lump sum available to you is equal to 12 months of your unreduced benefit calculated under the Maximum Retirement Allowance.
- * The largest lump sum available to you is equal to 36 months of your unreduced benefit calculated under the Maximum Retirement Allowance.
- * All PLSO distributions are considered final once the money has either been deposited or the check has been cashed.
- * The Partial Lump Sum Option is only available to the member or to a person designated on an *Advanced Application* by the member.



Calculation

If you elect a PLSO distribution, you will receive an actuarially reduced monthly benefit. This benefit estimate calculation as well as all other optional payment plan calculations under service retirement may be obtained through the PERS website calculator.

The table in Appendix F shows the percentages used in calculating the reduced monthly benefit.

Effect of Re-employment

Should a retiree who chose to receive a PLSO payment come out of retirement to return to covered employment and later retire again, the new retirement benefit will be calculated taking into consideration the fact that the PLSO distribution was paid. The new maximum benefit amount shall be reduced by the same dollar amount of the original PLSO reduction *plus 1% of that amount for each month that the retiree was re-employed*.

Before electing a PLSO distribution, PERS encourages you to consider the following:

- How much will you receive in a lump-sum distribution?
- How much will your monthly benefit and COLA be reduced?
- Will the reduced monthly benefit be sufficient to cover living expenses throughout retirement?

If you are interested in selecting a PLSO distribution, PERS encourages you to seek assistance from a financial advisor and/or a tax professional. A lump sum distribution used to enhance retirement income or savings may merit consideration. A PLSO distribution used to purchase depreciable assets or used for leisure should be given careful consideration.

Advanced Application

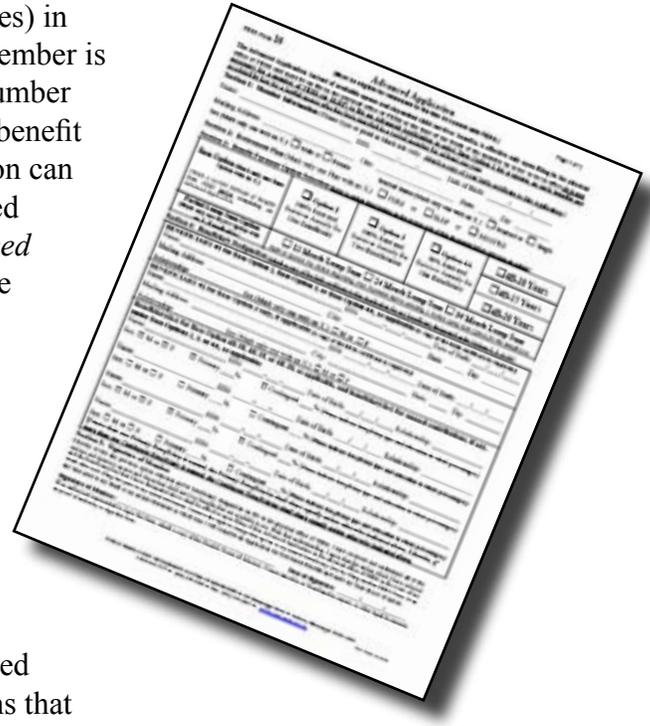
When filing an *Advanced Application* with PERS, if you are eligible for the Partial Lump Sum Option, you may choose a retirement plan that provides for survivor benefits including the PLSO. In the event of your death before retirement, the beneficiary(ies) designated on your last lawfully filed *Advanced Application* may receive benefits based on the option you selected as well as a lump sum distribution. The same reduction guidelines will apply to the new benefit recipient.

Advanced Application

Purpose of an *Advanced Application*

Lawful filing of PERS Form 16 – the *Advanced Application* – assures that benefits will be paid in accordance with your desires in the event of your death before retirement. The current version of the *Advanced Application* is available from the PERS website.

An *Advanced Application* allows a member who is eligible to retire to select a benefit payment plan and designate a beneficiary(ies) in the event that the member dies before retiring. However, a member is not locked into the terms of an *Advanced Application*. The number and type of beneficiaries that can be named are based on the benefit plan selected. The option selection and beneficiary designation can be changed at any time prior to retirement by filing an updated *Advanced Application*, and the elections made on the *Advanced Application* will NOT restrict the options available at the time of retirement.



The option selected and the beneficiary(ies) designated on an *Advanced Application* will remain in effect until either of the following occurs:

- a) the *Advanced Application* is changed by the member, **or**
- b) the member retires.

To be binding, the *Advanced Application* must be lawfully filed in the physical office of PERS. “Lawfully filed” simply means that the original completed and signed form must be on file at the PERS Building at the time of your death in order to be in effect.

Service Retirement Eligibility

- Age 60 and vested in PERS, or
- Any age with at least twenty-five (25) years of creditable service

To be eligible for service retirement at age 60, you must be vested. Military service, out-of-state service, other types of purchased service, and credit for unused uncompensated leave may not be used toward meeting the vesting requirement. However, military service, out-of-state service, other types of purchased service, and credit for unused uncompensated leave from previous covered employment may be used toward meeting the twenty-five (25) year requirement. Unused uncompensated leave accrued by a member but not certified to PERS cannot be used to qualify for retirement for the purpose of filing an *Advanced Application*, as unused uncompensated leave may only be certified to PERS upon termination from employment.

Effect of Not Filing an *Advanced Application* if You are Eligible

Without an *Advanced Application*, benefit payments in the event of your death before retirement are based upon applicable law and may or may not reflect your wishes. This means:

- If you are eligible to retire and die before retirement without filing an *Advanced Application*, monthly payments will be paid to your lawful spouse and/or dependent child(ren).

-
- If you are eligible to retire and die before retirement without filing an *Advanced Application* but have no spouse or dependent child(ren), a lump sum refund will be paid to your beneficiary(ies) on file with PERS. No monthly benefit payments would be made.

Common Reasons for Filing an *Advanced Application*

The most common reason for filing an *Advanced Application* is that a member who is eligible for retirement does not have a spouse or dependent child(ren) to receive monthly benefits. Other situations that could make filing an *Advanced Application* beneficial include:

- Children are not dependent, but the member wants to ensure one (1) or more receive a monthly benefit.
- The member is divorced or widowed and wants to provide a monthly benefit to someone.
- The member is separated from his or her lawful spouse and wants to provide a monthly benefit to someone other than the lawful spouse.
- The spouse has other sources of retirement income, and the member wants to name someone else to receive monthly benefits.
- The member wants to provide benefit protection for a grown child, a disabled child, another relative, or a close friend, charity, institution, or other organization.
- The member and spouse have been married for less than one (1) year, and the spouse would not qualify for statutory spousal benefits.
- The member wishes to provide monthly income to a spouse eligible for statutory benefits based on an option other than Option 2, the 100% Joint and Survivor Annuity.
- The member wants to provide protection for multiple beneficiaries.
- The member wants to guarantee a minimum payment period for the beneficiary(ies).
- The member wants to elect the Partial Lump Sum Option for the beneficiary(ies).
- The member is concerned that the surviving spouse may make a financial decision that is not in the spouse's best interest.

Filing an *Advanced Application*

To file an *Advanced Application*, you must provide a copy of your birth certificate, a copy of the birth certificate of your beneficiary(ies), and addresses and Social Security numbers for each.

For additional information about filing an *Advanced Application*, contact PERS by calling 1-800-444-7377 (toll free) or 601-359-3589 (from the Jackson area). A benefit estimate will be provided using the beneficiary(ies) of choice under the various benefit payment plans.

Applying for Service Retirement

Applying for service retirement is a simple two-step process for PERS members. This process provides you with the individualized information you need to make an informed decision regarding your retirement benefit payment.

STEP 1 – Form 9A SRVC, *Pre-Application for Service Retirement Benefits*

You and your current or last employer(s) must complete and submit PERS Form 9A SRVC, *Pre-Application for Service Retirement Benefits*. (The most current version of the form is available to print from the PERS website.)

PERS will use the information provided to prepare and send you an individualized packet of forms — PERS Form 9S, *Final Application for Service Retirement Benefits*; PERS Form PLSO, *Partial Lump Sum Option Distribution Election* (if applicable); and PERS Form 9P, *Payroll Authorization*; as well as a personalized, audited Final Estimate of Benefits.

To establish the desired effective date of retirement, you should begin the retirement application process at least 90 days prior to your desired effective date of retirement. All required information and/or documentation must be provided to PERS before the effective date of retirement.

Please note that all employment with any and all PERS-covered employers must be terminated before your effective date of retirement.

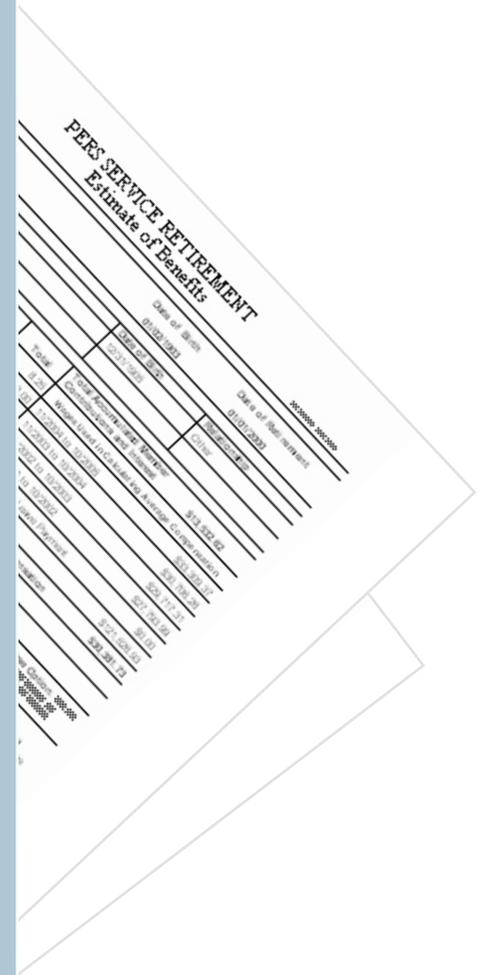
STEP 2 – Form 9S, *Final Application for Service Retirement Benefits*

You must complete and submit the PERS Form 9S, *Final Application for Service Retirement Benefits*. On the form, you will select a benefit payment option and elect whether or not you will take the PLSO (if eligible). You will designate your beneficiary. This form and the PERS Form PLSO, *Partial Lump Sum Option Distribution Election* (if applicable), must be received by PERS prior to the effective date of retirement.

A copy of your birth certificate is also required, as are copies of the birth certificates of your designated beneficiaries if you select Option 2, Option 3, or Option 4A. These documents must be received by PERS prior to the effective date of retirement.

Direct deposit of benefits is mandatory, and the PERS Form 9P, *Payroll Authorization*, should be submitted to PERS prior to the effective date of retirement. You will also specify your federal tax withholding status, exemptions, and preference and will elect a COLA payment method (i.e., monthly or lump sum) on this form.

If you make application to PERS and you then decide not to retire, PERS simply requires submission of a written notice from you to rescind your application.



Disability Retirement

Disability benefits are designed to provide a secure income to you if you become sick or injured, can no longer perform the essential duties of your job, and have a condition that is permanent in nature.

To qualify for disability benefits, you must meet the vesting requirements for eligibility. Disability benefit coverage is not extended to you if you are an inactive member unless you can prove that a qualifying disability occurred within six (6) months of termination and that the disability was a direct cause for termination of covered employment.

Once you have applied for disability retirement benefits with PERS, your employer must certify the duties of your job, whether alternative employment has been offered, and that all applicable requirements for reasonable accommodations under the Americans with Disabilities Act have been met.

If you are a vested inactive member and you return to covered employment and apply for non-duty-related disability benefits within six (6) months, you must show that you were physically capable of performing the job when your employment began.

As an applicant for disability benefits, you must provide medical documentation for review by the PERS Medical Board. This documentation includes copies of office notes from all treating physicians and copies of any discharge summaries from in-patient hospital treatment.

PERS Medical Board

The PERS Medical Board is comprised of three medical doctors who are responsible for reviewing submitted documentation and identifying specific, objective medical and employment evidence, as documented, in order to determine whether a medical condition exists which is permanent in nature and prevents you from performing the duties of the job for which benefits are being claimed.

While the PERS Medical Board gives consideration to a Social Security disability determination, it does not automatically accept that determination as sole evidence of eligibility for PERS disability benefits.

Regular Non-Duty-Related Disability Benefits

PERS has two plans for non-duty-related disability retirement – the Age-Limited Disability Plan and the Tiered Disability Plan. Under either plan, you must be vested in PERS to qualify for non-duty-related disability benefits.

Age-Limited Disability Plan

Any member employed in a PERS-covered position before July 1, 1992, who has not retired or received a refund of contributions since July 1992 and did not elect coverage under the Tiered Disability Plan is covered under the Age-Limited Disability Plan. Under the Age-Limited Disability Plan, regular, non-duty-related disability benefits are available to vested members under the age of 60. Vested members who are age 60 or older are not eligible for disability benefits but may apply for service retirement benefits.

Step 1 - Add:

$$\frac{\text{Years of Service Credit}}{\text{Years of Service Credit}} + \frac{\text{Years from current age to age 60}}{\text{Years from current age to age 60}} = \frac{\text{Total years of Service Credit}}{\text{Total years of Service Credit}}$$

Step 2 - See Appendix C

Locate the Service Credit Factor associated with your “Total years of Service Credit” from **Step 1**. (See Appendix C.)

→

$\frac{\text{Service Credit Factor}}{\text{Service Credit Factor}}$

Step 3 - Multiply:

$$\$ \frac{\text{Average Compensation}}{\text{Average Compensation}} \times \frac{\text{Service Credit Factor}}{\text{Service Credit Factor}} = \$ \frac{\text{Maximum Annual Benefit}}{\text{Maximum Annual Benefit}}$$

Tiered Disability Plan

The Tiered Disability Plan covers any member who joined PERS on or after July 1, 1992 (or who was a member on July 1, 1992, and chose coverage under the Tiered Disability Plan). This plan has two (2) benefits – a Temporary Allowance and a Deferred Allowance.

The **Temporary Allowance** equals the higher of either (a) 40% of average compensation, or (b) benefits calculated under the service retirement formula based on actual years of service accumulated prior to disability retirement. The benefit may also include an additional supplement of 10% of average compensation per dependent child, up to 20% of average compensation for two (2) or more dependent children. If the member is age 60 or younger when the disability occurs, the Temporary Allowance is payable until age 65.

The table at right shows the termination age for the Temporary Allowance if the disability occurs after age 60.

Age at Disability	Termination Age
61 or 62	66
63 or 64	67
65 or 66	68
67	69
68	70
69 or older	1 year from effective date of retirement

The **Deferred Allowance**, which begins after the Temporary Allowance ends, is the greater of either:

- benefits under the service retirement formula based on actual years of service accumulated prior to disability retirement, or
- benefits not exceeding 40% of average compensation based on the total of actual service credit plus service credit for the period of the Temporary Allowance.

Hurt-on-the-Job Disability Benefits

Regardless of your age or years of service, if you become disabled as a direct result of an accident or traumatic event occurring in the performance of duties (on the job), resulting in a physical injury, you may be eligible for disability benefits. This benefit coverage is provided to members on the first day of employment without any minimum membership service. The employer must certify that there was an accident or traumatic event resulting in a physical injury occurring in the performance of duty. Hurt-on-the-job disability benefits are calculated at either 50% of average compensation (this portion is tax-exempt) or the regular disability amount, whichever provides the member the higher benefit.

Benefit Payment Options

Benefit payment options available to disability retirees are the same as the options available to service retirees, with the exception of the Partial Lump Sum Option. See the options listed on pages 19-21 of this Handbook. Also, if you are receiving service retirement benefits while pursuing disability benefits, you may not select the Partial Lump Sum Option.

Periodic Re-examinations

If you are approved for disability benefits, you may be required to submit medical examinations on a regular basis. If it is determined that you no longer qualify for disability benefits, based upon either a medical evaluation or documented earnings ability, disability benefits are subject to termination by the PERS Board of Trustees.

Income Restrictions

As a disability benefit recipient, you may work and earn no more than the difference between your average compensation used in calculating your annual benefit amount and the benefit amount being paid. This earnings limitation applies to earned income only, not passive income such as interest income or Social Security income. You will be required to submit copies of your income tax returns, including IRS Form(s) 1040, along with supporting income earnings documents, on an annual basis.

Service Retirement While Pursuing Disability

If you become disabled and are eligible for service retirement benefits, you may apply for disability benefits and then begin receiving special service retirement benefits while pursuing approval for disability benefits. Your benefit payment option and beneficiary designation under the service retirement claim must be the same as that elected for your disability claim. If you are approved for disability benefits and there is a difference in the benefits paid under service retirement and the benefits owed under the provisions of disability retirement, the difference will be paid to you.

You must first apply for disability retirement benefits before being eligible to receive special service retirement benefits while pursuing disability retirement. You may not apply for disability retirement benefits once you begin receiving regular service retirement benefits.

If your disability retirement application is not filed before service retirement begins, your disability application will not be accepted. You may contact PERS staff for a special application for service retirement benefits while pursuing disability retirement.

Monthly Payment of Accumulated Contributions

If you are a PERS member who has terminated covered employment and applied for disability benefits, but you are not eligible for service retirement, you may apply for and receive payment of your contributions in monthly installments while awaiting a decision on your disability claim. Once all medical information and required PERS forms have been received, you may apply for the monthly payment of accumulated contributions (MPAC).

Payments may be paid in monthly installments of no less than 6 months and no more than 18 months. Payments can total no more than one-half of your total employee contributions and will be paid on a monthly basis in an amount equal to no more than one-half of the monthly disability benefit to which you will be entitled if approved by the PERS Medical Board.

MPAC payments end once a final administrative determination is made by PERS or at the end of the pre-selected time frame, whichever occurs first.

Payments must be repaid before any monthly benefits under the provisions of service, disability, or survivor benefits are paid. You must repay these payments in a lump sum if the disability claim is approved.

If your disability claim is denied, payments may be recovered through an actuarial reduction of any future monthly benefits over your lifetime.

You may contact PERS to obtain an application for the MPAC benefit.

When You Terminate Employment

You continue your membership in PERS after you terminate employment as long as you do not withdraw the contributions and interest in your account. By leaving the money in your account, you become an inactive member, retain your right to a lifetime retirement benefit when you meet eligibility requirements, and retain your right to survivor benefits.

You are not considered to have terminated employment if you transfer from one PERS-covered position to another.

Termination of employment is a complete severance of all employment with PERS-covered employers.

Refunding Your Contributions

PLEASE NOTE: *No provision exists in PERS Law for loans, partial refunds, or hardship withdrawals of member contributions while the member remains employed with a covered employer.*

If you receive a refund of the contributions in your account, you lose membership in PERS and you lose the service credit represented by the amount refunded. If you repay the refund after being re-employed in a PERS-covered position, your service credit will be reinstated after vesting. However, you will have a new date of enrollment and will be subject to the applicable vesting requirement.

To withdraw or rollover your member contributions and interest, complete PERS Form 5, *Application for Refund of Accumulated Contributions to Member*, which is available from your employer, from our website, or by request to PERS.

PERS will issue your refund after receiving your completed refund application and after you have been separated from service for 45 days.

Taxes on Refunds

If you terminate employment and elect to receive a refund of contributions and interest paid directly to you, 20% federal income tax will be withheld from the taxable portion of your refund.

If you withdraw contributions before you reach age 55 (age 50 for policemen, firemen, and emergency medical technicians), the IRS may impose an additional 10% federal tax penalty on the distribution.

All taxes and/or associated penalties are your responsibility.

Rollovers

A rollover is the transfer of all or part of your contributions and interest to another eligible plan or retirement account that allows you to continue to postpone taxation of that benefit until it is paid to you. You are responsible for determining if your plan is a qualified retirement plan that can accept a direct rollover.

In addition to PERS Form 5, *Application for Refund of Accumulated Contributions to Member*, you must complete PERS Form 5C, *Rollover Distribution Election*, to request a rollover of contributions. The form is available from your employer, from our website, or by request to PERS.

Your Benefits After Retirement

Retirement Benefits

Each benefit payment option provides you with a lifetime monthly retirement benefit payment plus an annual cost-of-living adjustment.

Payroll Periods

PERS issues retirement payments monthly on the first of each month. These payments are for benefits owed one month in advance. For example, the check issued on the first of July is payment for the month of July. Payments are issued by check or direct deposit. Paper checks are mailed the last working day of each month for the next month. A listing of the dates benefit payments will be mailed as well as the dates direct deposits will be forwarded to financial institutions are printed in *Forward*, the retiree newsletter; are maintained on the PERS website; and may also be obtained by contacting PERS.

Direct deposit payments are transmitted on the first banking day of the month (the first day that is not a weekend or bank holiday).

Mandatory Direct Deposit

You will submit Form 9P, *Payroll Authorization*, prior to retirement and may submit revisions on Form 21, *Direct Deposit Authorization*, any time you want to make a change to your direct deposit information.

You will receive a written confirmation of your first deposit, and, thereafter, a written confirmation if the amount of the deposit changes. Your bank statement will serve as your confirmation of deposits.

Initial direct deposit, as well as direct deposit changes, will be effective within two months after PERS receives the completed request. Benefit payments will be issued by mail until direct deposit takes effect.





For the annual benefit adjustment or cost-of-living adjustment paid in a lump sum, direct deposit payments are transmitted on December 15 or the next banking day if December 15 falls on a weekend.

Taxes and Withholding

All employee contributions paid prior to July 1, 1982, were taxed to members before being posted to their retirement accounts. A portion of a refund payback or other service credit purchase cost paid by a member is also posted to a member's account in the form of non-taxable contributions when paid with after-tax dollars.

Federal regulations allow a portion of each monthly benefit payable at retirement, disability, or death to be excluded from taxation if the retiree has after-tax contributions. Calculation of the non-taxable portion of the monthly benefits is based on the age of the retiree using factors provided by the Internal Revenue Service.

Tax withholding preference information is collected on the retirement application. You may elect to have no federal income taxes withheld, to withhold income tax based upon marital status and exemptions, and/or to have additional federal tax withheld.

PERS Form 17, *Certificate of Withholding Preference*, is available to any retiree wishing to make changes in his or her tax withholding status at any time. Call PERS to request a form for completion, or visit our website to print the form. In the absence of a completed tax withholding information form, PERS will automatically withhold taxes based on a status of "married with three (3) withholding exemptions."

PERS issues annual income tax statements as prescribed by the IRS. Retirement income is exempt from the state income tax for Mississippi residents. If you move to another state, your benefit may be subject to that state's tax laws.

Durable Power of Attorney

While you are in good health, you are in a position to make decisions regarding your retirement account. However, in the event of your physical or mental incapacity, you may need someone you trust to have the legal authority to act on your behalf. You can give this authority with the use of a valid Durable Power of Attorney. With the use of this legal document, you (the principal) can give someone you trust (your agent) broad legal authority over personal, legal, and financial affairs, or very limited authority. This authority could include the power to apply for retirement or disability benefits on your behalf in the event you are unable to apply for them yourself. A Durable Power of Attorney will allow your agent to act on your behalf in the event you later become mentally or physically unable to make decisions. PERS suggests you consult a legal professional for more information about whether such a document can play an effective role in your retirement planning.

Returning to Work After Retirement

When a PERS retiree returns to work for a PERS-covered agency in any capacity, PERS must be notified.

Withdrawal from Service

“Withdrawal from Service” is defined by statute as the complete severance of employment in state service of any member by resignation, dismissal, or discharge. Retirement benefits may not begin until the member has withdrawn from service, terminated employment, or separated from service as required in Miss. Code Ann. §25-11-111. If re-employed by the same or another covered employer in any capacity, including that of an independent contractor as well as service without pay, within forty-five (45) days from the effective date of retirement, or if promised or guaranteed re-employment before the effective date of retirement, the member shall be considered to have continued in the status of an employee and not to have separated from service.

Any employee of an educational institution employed on a less than twelve-month basis who retires at the end of the school year and is re-employed at the beginning of the next school year shall not have terminated his/her employment within the meaning of Miss. Code Ann. §25-11-111. A retiree retiring at the end of one school year may not be re-employed with a PERS-covered educational institution any earlier than forty-five (45) consecutive calendar days after the beginning of the next school year to qualify for retirement benefits during the summer months before re-employment. In the absence of a forty-five (45) day period of separation, any benefit payments received by the retired member must be repaid to PERS and the retirement will be negated. If a retiree is employed or re-employed in a covered position without the requisite separation, the re-employed retiree is deemed an employee and will continue to be reported to PERS.

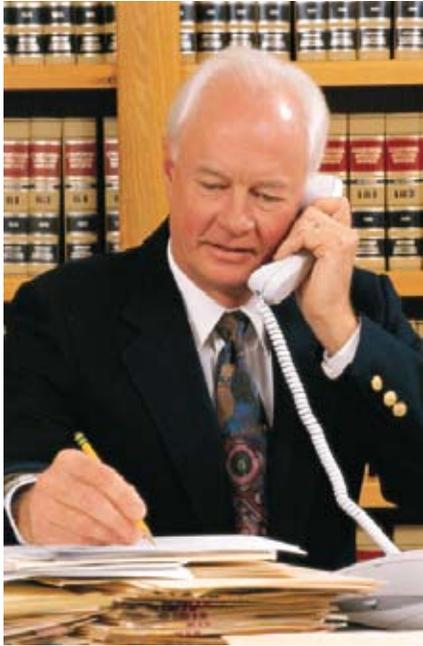
Emergency Waiver of 45-Day Separation

An exception to the forty-five (45) day separation period before re-employment may be granted by PERS for a retiree who is to be re-employed as a certificated classroom teacher at the beginning of a school year or for any other retiree who is re-employed in state service, where sufficient documentation is provided to demonstrate that emergency employment is necessary. “Emergency” means a sudden unexpected happening, an unforeseen occurrence or condition, a sudden or unexpected occasion for action, or an unforeseen combination of circumstances that calls for immediate action. The emergency must be beyond the control of the employer.

A completed PERS Form 4BW, *Regulation 34 - Request for Approval of Emergency Employment of Retiree Form*, must be submitted to PERS by the employer for approval prior to re-employment.

Limited Re-employment – Conditions under which a Retiree can Work and Continue to Receive a Retirement Allowance

After withdrawal from service, a PERS service retiree may be re-employed with a covered employer and continue to receive a service retirement allowance only as provided in Miss. Code Ann. §25-11-127 and PERS Board Regulation 34, *Re-employment After Retirement*. PERS must be notified in writing within five (5) days of the re-employment of a service retiree and provided with the conditions under which the retiree is being re-employed. Notification must be repeated each new fiscal year (i.e., July 1) in which the retiree performs his or her post-retirement employment. A service retiree may be employed with a covered employer and continue to receive service retirement benefits from PERS only if one of the following limited conditions is met:



- 1) The retiree works for a period of time not to exceed one-half (1/2) of the normal working days or hours for the position in any fiscal year (July through June) during which the retiree will receive no more than one-half (1/2) of the salary in effect for the position at the time of employment; or
- 2) The retiree works for a period of time in any fiscal year sufficient in length to permit the retiree to earn no more than twenty-five percent (25%) of the retiree's average compensation (i.e., the average compensation amount used in the calculation of the retiree's retirement benefit amount).

In no case may a service retiree who receives a retirement allowance from PERS be employed by an employer covered under PERS outside the noted exceptions unless the service retiree meets the criteria of a true independent contractor as determined by the employer and as approved by PERS. In determining whether or not a re-employed retiree is an independent contractor not subject to the retiree re-employment provisions of the statute, the potential employer and the retiree must complete and submit an *Employee vs. Independent Contractor Questionnaire* for review and approval by PERS. The form is available from the PERS website.

The information provided on the *Employee vs. Independent Contractor Questionnaire* is used to determine whether a PERS service retiree who is re-employed is subject to the re-employment limitations as provided in Miss. Code Ann. §25-11-127. While no one element or factor is decisive, all relevant information provided will be considered by PERS in making a determination as to whether the retiree is or is not limited by §25-11-127. If PERS agrees that the retiree is performing services as a true independent contractor, the law imposes no specific limitations on his or her earnings for those services. However, if it is determined that the re-employed retiree is not a true independent contractor, the employment of the retiree is limited by §25-11-127 and is subject to the notification requirement imposed by §25-11-127.

State Agencies' Employment of PERS Service Retirees as Contract Workers Under Miss. Code Ann. §25-9-120

Miss. Code Ann. §25-9-120 sets forth the provisions for hiring contract personnel of state agencies under the State Personnel Board. Miss. Code Ann. §25-9-120 specifically provides that contract workers, i.e., contract personnel who do not meet the criteria of independent contractors, will be subject to the provisions of §25-11-127. This means that service retirees who return to work with state agencies, who are classified as contract workers, and whose earnings are subject to Social Security and federal and state tax withholding which are reported to the Internal Revenue Service on an IRS Form W-2 (rather than IRS Form 1099) are held to the limited re-employment provisions of either half-time/half-pay or twenty-five percent (25%) of average compensation, as well as to the 45-day separation period.

As in the case of employment as an independent contractor, employment of a retiree as a contract worker must be reported to PERS. PERS must be notified in writing within five (5) days of the re-employment of a service retiree and provided with the conditions under which the retiree is being re-employed. Notification must be repeated each new fiscal year (i.e., July 1) in which the retiree performs his or her post-retirement employment.

Employees vs. Independent Contractors

Miss. Code Ann. §25-9-120 provides that contract personnel can be either contract workers (i.e., employees) or independent contractors. Where a worker is not a true independent contractor, he or she is an employee whose compensation for services rendered is merely paid through the contractual services budget line item. To determine whether an individual is an employee subject to having his or her earnings reported to the Internal Revenue Service on IRS Form W-2, the employer must properly classify the individual after a review of the relationship between the individual and the employer.

Generally, the worker is probably an employee, especially where the work being performed is an integral part of the work of the organization and is usually performed by employees of the organization, if the employer has the right to:

- a) control the work being performed (whether he or she exercises that right or not);
- b) give the worker instructions about when, where, and how to do the work;
- c) set the hours worked;
- d) require the work to be done on the employer's premises; and
- e) hire or fire the worker.

Contract workers are different from true independent contractors. Independent contractors are by definition not employees. They work independently of the employer, not subject to the direct control of the employer. They normally supply their own materials, tools, or equipment for the job and may choose when and where they will work. These individuals are only responsible for the end result and are free to perform the work in any manner, at any place and time they choose. As independent contractors, these individuals have compensation reported to the Internal Revenue Service on IRS Form 1099.

As with re-employment under limited conditions, independent contractor employment of a retiree must be reported to PERS. PERS must be notified in writing within five (5) days of the re-employment of a service retiree and provided with the conditions under which the retiree is being re-employed. Notification must be repeated each new fiscal year (i.e., July 1) in which the retiree performs his or her post-retirement employment. A retiree may, only after review and approval by PERS, be employed as a true independent contractor outside the limited re-employment provisions noted in the previous section.

Service Retirees Re-employed in Municipal or County Elected Positions

A retiree elected to a municipal or county elected position may terminate his or her retirement allowance and accrue additional service credit while receiving the salary for the position, or he or she may elect to continue to receive the retirement allowance and elect one of the following:

- 1) to waive the salary for the position; or
- 2) to receive compensation not to exceed 25% of the retiree's average compensation at retirement.

If the retiree serves in local elected office and wishes to continue his or her retirement allowance, he or she must file annually PERS Form 9C, *Local County or Municipal Elected Official Re-employment Acknowledgement and Election*, selecting one of the above provisions. The statute provides that the retiree may also receive any office expense allowance, mileage or travel expense authorized by statute of the State of Mississippi.

For purposes of the re-employment limitations under Miss. Code Ann. §25-11-127, county elected positions include: Supervisor, Chancery Clerk, Circuit Clerk, Tax Assessor, Tax Collector (if separate from Tax Assessor), Sheriff, County Surveyor, Justice Court Judge, County/ Youth Court Judge, Constable, County Coroner or Medical Examiner, Elected County Prosecutor/Elected County Attorney, and Elected Superintendent of Education.

For purposes of the re-employment limitations under Miss. Code Ann. §25-11-127, municipal elected positions include: Mayor, Alderman (Councilman or Selectman), Police Chief or Marshal, Municipal Judge, Tax Collector, Tax Assessor, and City or Town Clerk.

Simultaneous Re-employment in an Elected and a Non-Elected Position

If at any point during the fiscal year you are re-employed in both a local elected position (and thus considered a full-time employee) and on a limited basis in a non-elected position, you must **either**

- 1) begin or continue under the 25% of average compensation limitation, and apply what has already been earned during the state fiscal year to that limitation; or
- 2) stay under an existing election to work no more than one-half the normal working days, and earn no more than one-half the salary for a non-elected position and waive the salary for the local elected position.

Generally, a re-employed retiree may, regardless of the number of positions in which he or she is re-employed, make only one election for re-employment each fiscal year which applies to all employment with covered employers during that fiscal year.

Recalculation of Benefits After Re-employment

The monthly benefits of a retiree will be stopped upon a return to full-time covered employment. Future benefits will be recalculated to include this additional service if the re-employment in covered service exceeds six (6) calendar months. Upon subsequent retirement, a different option and/or a new beneficiary may be selected. The laws, policies, and procedures in effect at the time of subsequent retirement will be applied in the recalculation of benefits.

The COLA for a re-employed retiree is calculated taking into consideration all full fiscal years in retirement, not just fiscal years since the last retirement, and is payable immediately upon the next retirement. You will receive a prorated COLA amount monthly if your re-retirement date is later than July 1. The selected COLA option will go into effect when the new fiscal year begins.

Insurance Options at Retirement

State-Sponsored Health Insurance Plan

Eligible members enrolled in the State and School Employees' Health Insurance Plan as employees may elect to maintain coverage after retirement. Members must apply through their employers for insurance coverage as retirees immediately upon termination. This is a self-funded program under the direction of the Department of Finance and Administration. The transition from active to retired status must be processed by a retiring member's payroll or personnel office within 31 days from the date of termination from employment. Retiring members should check with their employers and DFA regarding participation in the Health Insurance Plan as a retiree.

State-Sponsored Life Insurance Plan

State and public school employees must enroll at the time of retirement to maintain life insurance coverage in retirement. Service retirees have coverage options of \$5,000, \$10,000, or \$20,000. Premiums are increased every year on the retiree's birthday until age 65.

PERS does not administer the insurance plans referenced above. If you have questions regarding either of these plans, please contact your employer or the Department of Finance and Administration's Office of Insurance.



Mississippi Department of Finance & Administration,
Office of Insurance
1-866-586-2781 (toll free)
601-359-3411 (local)
P.O. Box 24208
Jackson, Mississippi 39225

PERS-Sponsored Health Insurance Plan

A Retiree Medical Insurance Plan is available to Medicare-eligible PERS retirees who are covered by Medicare Parts A and B. An eligible retiree may enroll in the plan:

- 1) within 60 days of retirement, or
- 2) upon turning age 65, or
- 3) during an open enrollment period, generally offered once or twice a year.

Monumental Life Customer Service Representatives may be reached toll-free at 1-800-749-6983, Monday through Friday, 7:30 a.m. - 5:00 p.m. CST.

Insurance Alternatives

The following are some alternatives to explore for finding other health insurance coverage:

- Contact an independent insurance agent. The Yellow Pages of the telephone book under the heading, Insurance-Health Care, should provide you with a list of agents in the area. Once you have made contact with an agent, you may call the Mississippi Insurance Commissioner's Office for information regarding the credentials of the agent or that of any insurance company or policy recommended by that agent.
- Contact the Mississippi Comprehensive Health Insurance Risk Pool Association. The address is P. O. Box 13748; Jackson, MS 39236 or phone (601) 362-0799.
- Contact the Mississippi Insurance Counseling and Assistance Program at 1-800-444-8014.



Death of a Retiree or Beneficiary

Reporting the Death of a Retiree or Beneficiary

The death of a retiree or beneficiary receiving benefits should be reported to PERS as soon as possible. Any payment issued after the date of death must be returned to PERS. When appropriate, it will be reissued to an eligible beneficiary.

A prorated portion of the COLA will be paid to the beneficiary of any benefit recipient who receives the COLA in a lump sum where death occurs between July 1 and December 1 and monthly benefit payments have terminated to all eligible beneficiaries. This prorated portion is equal to the amount the deceased benefit recipient would have received had he or she elected to receive the COLA on a monthly basis.

A copy of the death certificate of the deceased will be required by PERS and should be provided as soon as possible.

WHAT YOU NEED TO DO!

WHEN YOU NEED TO DO IT!

HOW TO DO IT!

As a member of the Public Employees' Retirement System of Mississippi, your benefits include future retirement income if you qualify for service retirement, disability benefits if you are disabled and qualify, and survivor benefits if you die prior to retirement and qualify.

The following explains some of the steps you may need to perform to take full advantage of your benefits, when you need to do it, and how to do it.

WHEN YOU ARE HIRED...

- ✎ Provide PERS with enrollment information by completing Form 1, *Enrollment Form*. The form is available from your employer's personnel or human resources department and can also be downloaded from the PERS website.
- ✎ Designate a beneficiary by completing Form 1B, *Beneficiary Nomination*, available from your employer's personnel or human resources department or available from the PERS website.

IF YOU MARRY...

- ✎ Add your new spouse to your employment information by filing Form 1C, *Change of Information*, with PERS.
- ✎ If you want to designate your new spouse as your beneficiary or add the spouse to your existing list of beneficiaries, file an amended Form 1B, *Beneficiary Nomination*, with PERS.

IF YOU HAVE A CHILD, EITHER BY BIRTH OR ADOPTION...

- ✎ Add the child to your employment information by filing Form 1C, *Change of Information*, with PERS.
- ✎ If you want to designate your new child as your beneficiary or add the child to your existing list of beneficiaries, file an amended Form 1B, *Beneficiary Nomination*, with PERS.

IF YOU DIVORCE...

- ✎ Change your enrollment information by filing Form 1C, *Change of Information*, with PERS.
- ✎ If you wish to change your designated beneficiary, file Form 1B, *Beneficiary Nomination*, with PERS.

IF YOU LEAVE COVERED EMPLOYMENT PRIOR TO RETIREMENT ELIGIBILITY...

- ✎ If you want to leave your contributions with PERS, no action is required. You will retain the balance and service credit accrued. Interest will accrue on the contributions as well.
- ✎ If you want to receive a refund of your contributions plus interest, file PERS Form 5, *Application for Refund of Accumulated Contributions to Member*, and Form 5C, *Rollover Distribution Election*, if applicable. The refund may be paid to you or transferred into an eligible retirement plan or an IRA as directed. You will lose the service credit accrued and your enrollment status and date. The employer contributions will remain with PERS. PERS will issue a refund 45 days after termination of employment and after receipt of all required information and documentation.

IF YOU RETURN TO COVERED EMPLOYMENT...

- ✎ If you want to repay a refund, contact PERS for the cost to repay all or part of your refund. Refunded service may be purchased in quarter-year increments. The cost to repurchase credit is the amount of the refund plus interest. If you have basic information regarding your refund, you may also use the Refund Payback Calculator on the PERS website to calculate an estimate of repayment costs.

IF YOU BECOME DISABLED BEFORE YOU ARE VESTED...

- ✎ If your disability results from an accident or traumatic event occurring on the job, you may be eligible for hurt-on-the-job disability benefits. Form 9A, *Pre-Application for Retirement Benefits*, is available from the PERS website.
- ✎ If your disability is not the result of an accident or traumatic event occurring on the job, you may receive a refund of your contributions plus interest. File PERS Form 5, *Application for Refund of Accumulated Contributions to Member*, and Form 5C, *Rollover Distribution Election*, if applicable. The forms are available from the PERS website.

IF YOU BECOME DISABLED AFTER YOU ARE VESTED...

- ✎ You may be eligible for disability benefits. Form 9A, *Pre-Application for Retirement Benefits*, is available from the PERS website.

IF YOU BECOME ELIGIBLE FOR RETIREMENT...

- ✎ To assure that benefits will be paid in accordance with your wishes in the event of your death before retirement, file Form 16, *Advanced Application*. The form is available from the PERS website.
- ✎ If you want to retire, file Form 9A SRVC, *Pre-Application for Service Retirement Benefits*. The form is available from the PERS website. File the application with PERS within 90 days of your desired retirement date.

AFTER RETIREMENT...

- ✎ If you have a change of address, file Form 1C, *Change of Information*, with PERS.
- ✎ If you want to change your federal tax withholding, file Form 17, *Certification of Withholding Preference*, with PERS.
- ✎ If you want to change your account information for direct deposit or you want to establish direct deposit, file Form 21, *Direct Deposit Authorization*, with PERS. The form is available on the PERS website.
- ✎ If you selected Option 2, 100% Joint and Survivor Annuity, or Option 4A, 50% Joint and Survivor Annuity, and your beneficiary dies or you divorce your beneficiary, contact PERS to have your benefit recalculated under the Maximum Retirement Allowance. Form R, *Application for Recalculation of Benefits*, is available from the PERS website.
- ✎ If you retired under the Maximum Retirement Allowance or Option 1, Prorated Single Life Annuity, and you marry after retirement and want to provide beneficiary protection for your spouse, contact PERS to have your benefit recalculated under Option 2 or Option 4A. Form R, *Application for Recalculation of Benefits*, is available from the PERS website.
- ✎ If you decide to return to PERS-covered employment, contact PERS immediately.
 - » You may temporarily cancel your retirement benefit payment and retire at a later date, or
 - » You may return to covered employment under one of the limited re-employment provisions (see page 36 of this Handbook). File Form 4B, *Certification/Acknowledgement of Re-employment of Retiree*, or Form 9C, *Local County or Municipal Elected Official Re-employment Acknowledgement and Election*, as applicable. The forms are available from the PERS website.

Appendices

Appendix A

NON-ELECTED LEAVE CONVERSION (See page 12.)

Credit for unused leave is awarded at retirement at no cost to members as follows:

Combined Personal and Sick Leave	Credit Equivalent	Combined Personal and Sick Leave	Credit Equivalent
15 to 77 days	0.25 years	267 to 329 days	1.25 years
78 to 140 days	0.50 years	330 to 392 days	1.50 years
141 to 203 days	0.75 years	393 to 455 days	1.75 years
204 to 266 days	1.00 years	456 to 518 days	2.00 years
Add one-quarter (0.25) year for each additional 63 days.			

Note that all accumulated unused leave certified to PERS must have been actually earned and accrued by the employee for whom the leave is certified. It is unlawful to certify leave to PERS that has been donated or transferred from another individual.

Appendix B

ELECTED LEAVE (See page 13.)

Credit for elected official leave is awarded at retirement at no cost to members as follows:

Total Years in Office	Allowed for Term	Cumulative Total	Service Credit
4	121.5 days	121.5 days	0.50 years
8	126.0 days	247.5 days	1.00 years
12	132.0 days	379.5 days	1.50 years
16	133.5 days	513.0 days	2.00 years
20	138.0 days	651.0 days	2.75 years
24	138.0 days	789.0 days	3.25 years
28	138.0 days	927.0 days	3.75 years
32	138.0 days	1,065.0 days	4.25 years
36	138.0 days	1,203.0 days	4.75 years
40	138.0 days	1,341.0 days	5.50 years
Add 138 days for each additional four-year term.			

Appendix C

The service credit factor table is an easy way to figure out your service credit factor by looking up the number of years on the left side of the table and sliding to the right appropriately for additional service credit in quarters. (See pages 17 & 18.)

SERVICE CREDIT FACTOR TABLE
(Maximum Retirement Allowance)

Number of Years	No Additional Quarters	1 Additional Quarter (0.25)	2 Additional Quarters (0.50)	3 Additional Quarters (0.75)
4	0.0800	0.0850	0.0900	0.0950
5	0.1000	0.1050	0.1100	0.1150
6	0.1200	0.1250	0.1300	0.1350
7	0.1400	0.1450	0.1500	0.1550
8	0.1600	0.1650	0.1700	0.1750
9	0.1800	0.1850	0.1900	0.1950
10	0.2000	0.2050	0.2100	0.2150
11	0.2200	0.2250	0.2300	0.2350
12	0.2400	0.2450	0.2500	0.2550
13	0.2600	0.2650	0.2700	0.2750
14	0.2800	0.2850	0.2900	0.2950
15	0.3000	0.3050	0.3100	0.3150
16	0.3200	0.3250	0.3300	0.3350
17	0.3400	0.3450	0.3500	0.3550
18	0.3600	0.3650	0.3700	0.3750
19	0.3800	0.3850	0.3900	0.3950
20	0.4000	0.4050	0.4100	0.4150
21	0.4200	0.4250	0.4300	0.4350
22	0.4400	0.4450	0.4500	0.4550
23	0.4600	0.4650	0.4700	0.4750
24	0.4800	0.4850	0.4900	0.4950
25	0.5000	0.5063	0.5125	0.5188
26	0.5250	0.5313	0.5375	0.5438
27	0.5500	0.5563	0.5625	0.5688
28	0.5750	0.5813	0.5875	0.5938
29	0.6000	0.6063	0.6125	0.6188
30	0.6250	0.6313	0.6375	0.6438
Add 0.025 for each additional year				

Appendix D

COST-OF-LIVING ADJUSTMENT TABLE (See page 22.)

The table below shows the value of 3% simple and 3% compounded COLA rates.

Full Fiscal Years in Retirement	3% Simple	3% Compound	Full Fiscal Years in Retirement	3% Simple	3% Compound
1	0.0300	0.0300	26	0.7800	1.1566
2	0.0600	0.0609	27	0.8100	1.2213
3	0.0900	0.0927	28	0.8400	1.2879
4	0.1200	0.1255	29	0.8700	1.3566
5	0.1500	0.1593	30	0.9000	1.4273
6	0.1800	0.1941	31	0.9300	1.5001
7	0.2100	0.2299	32	0.9600	1.5751
8	0.2400	0.2668	33	0.9900	1.6523
9	0.2700	0.3048	34	1.0200	1.7319
10	0.3000	0.3439	35	1.0500	1.8139
11	0.3300	0.3842	36	1.0800	1.8983
12	0.3600	0.4258	37	1.1100	1.9852
13	0.3900	0.4685	38	1.1400	2.0748
14	0.4200	0.5126	39	1.1700	2.1670
15	0.4500	0.5580	40	1.2000	2.2620
16	0.4800	0.6047	41	1.2300	2.3599
17	0.5100	0.6528	42	1.2600	2.4607
18	0.5400	0.7024	43	1.2900	2.5645
19	0.5700	0.7535	44	1.3200	2.6714
20	0.6000	0.8061	45	1.3500	2.7816
21	0.6300	0.8603	46	1.3800	2.8950
22	0.6600	0.9161	47	1.4100	3.0119
23	0.6900	0.9736	48	1.4400	3.1323
24	0.7200	1.0328	49	1.4700	3.2562
25	0.7500	1.0938	50	1.5000	3.3839

Note: As an example of how to use the table above, consider a member who retired at age 50 and has been retired for twelve (12) full fiscal years. The first five (5) years of retirement, prior to age 55, would be calculated at 3% simple, equaling 0.1500. The additional seven (7) years would be calculated at 3% compounded, equaling 0.2299. These two figures are added together, totaling 0.3799, and that is the percentage of the retiree's annual base benefit that will be paid as the COLA. Had the retiree been 55 or older at the time of retirement, all twelve (12) fiscal years of retirement would be calculated at 3% compounded, totaling 0.4258.

Appendix E

BENEFIT LIMIT TABLE UNDER IRC SECTION 401(a)(9) (See pages 20 - 21.)

IRC Section 401(a)(9) provisions apply to Option 2, Option 3, and Options 4B 10, 15, or 20 Years Certain. This revenue code section imposes limitations on benefit amounts that can be paid under those options in cases where the age of the member or the difference in age between the member and a non-spouse beneficiary meet the IRC criteria.

Following is a description of the IRC provisions as well as an example of the impact on benefit payments for each. Please be aware that a member eligible to receive retirement benefits has the choice in selecting an optional benefit payment plan. However, if a member elects one of the options limited by IRC Section 401(a)(9), PERS must make the required adjustments in benefits to conform with the IRC requirements.

Members electing **Option 2 or Option 3** may be affected by the limitations imposed by IRC Section 401(a)(9). If one of these options is elected at retirement, and the designated beneficiary is not the retiree's spouse, then there is a limit on the amount the beneficiary can be paid upon the death of the retiree. This limit is based on the difference in age between the retiree and beneficiary where the beneficiary is more than ten (10) years younger than the retiree. The following table lists the percentage of the retiree's benefit that can be paid to a non-spouse beneficiary based on the age difference of the two individuals. If the retiring member is younger than age 70, the age difference used to determine the percentage is reduced by the number of years that the member is younger than age 70 on the member's birthday in the calendar year that contains the annuity starting date.

Age Difference	Applicable %	Age Difference	Applicable %	Age Difference	Applicable %
10 or less	100%	22	70	34	57
11	96	23	68	35	56
12	93	24	67	36	56
13	90	25	66	37	55
14	87	26	64	38	55
15	84	27	63	39	54
16	82	28	62	40	54
17	79	29	61	41	53
18	77	30	60	42	53
19	75	31	59	43	53
20	73	32	59	44	52
21	72	33	58	45+	52

Example: Member retiring at age 71 under Option 2 with a sister, age 56, named as the beneficiary. The Option 2 benefit payable to the retiree is \$900.00 per month. With the fifteen (15) year age difference between the retiree and the non-spouse beneficiary, the percentage of the retiree's benefit payable to the sister for life under the IRC Section 401(a)(9) is 84% of the \$900 or \$756.

Example: Member retiring at age 60 under Option 2 with a nephew, age 39, named as the beneficiary. The Option 2 benefit payable to the retiree is \$900.00 per month. With the twenty (21) year age difference between the retiree and the non-spouse beneficiary minus the ten (10) year difference between the retiree and age 70, the percentage of the retiree's benefit payable to the nephew for life under the IRC Section 401(a)(9) is 96% of the \$900 or \$864.

If a member selects **Option 4B Certain**, the period of guaranteed benefit payments that can be selected is limited based on the member's age at retirement. The certain or guaranteed period cannot exceed the IRS approved life expectancy of the member at the time of retirement.

AGE AT RETIREMENT	LIFE	AGE AT RETIREMENT	LIFE	AGE AT RETIREMENT	LIFE
55	29.6	65	21.0	75	13.4
56	28.7	66	20.2	76	12.7
57	27.9	67	19.4	77	12.1
58	27.0	68	18.6	78	11.4
59	26.1	69	17.8	79	10.8
60	25.2	70	17.0	80	10.2
61	24.4	71	16.3	81	9.7
62	23.5	72	15.5	82	9.1
63	22.7	73	14.8	83	8.6
64	21.8	74	14.1	84	8.1

Example: Using the above table, a member retiring at age 67 with an IRS life expectancy of 19.4 years could select Option 4B 10 or 15 years certain. However, the federal law would prevent the payment of benefits to the member or a beneficiary under Option 4B 20 years certain.

Appendix F

The following tables show the percentage used in calculating the monthly benefit when you choose the PLSO. If you choose any option other than the Maximum Retirement Allowance, the additional reduction for option selection will apply.

The following percentages are effective through June 30, 2008.

Age	12-month PLSO	24-month PLSO	36-month PLSO
46	0.9385	0.8770	0.8154
47	0.9377	0.8754	0.8132
48	0.9369	0.8738	0.8108
49	0.9361	0.8721	0.8082
50	0.9352	0.8704	0.8056
51	0.9342	0.8685	0.8027
52	0.9332	0.8665	0.7997
53	0.9322	0.8643	0.7965
54	0.9310	0.8621	0.7931
55	0.9299	0.8597	0.7896
56	0.9286	0.8572	0.7857
57	0.9272	0.8545	0.7817
58	0.9258	0.8516	0.7774

Age	12-month PLSO	24-month PLSO	36-month PLSO
59	0.9242	0.8485	0.7727
60	0.9226	0.8452	0.7678
61	0.9209	0.8417	0.7626
62	0.9190	0.8380	0.7570
63	0.9170	0.8341	0.7511
64	0.9149	0.8299	0.7448
65	0.9126	0.8253	0.7379
66	0.9103	0.8206	0.7310
67	0.9078	0.8156	0.7234
68	0.9051	0.8102	0.7154
69	0.9023	0.8046	0.7069
70	0.8993	0.7986	0.6979

This following percentages are effective beginning July 1, 2008.

Age	12-month PLSO	24-month PLSO	36-month PLSO
46	0.9394	0.8788	0.8182
47	0.9387	0.8774	0.8161
48	0.9379	0.8759	0.8138
49	0.9371	0.8743	0.8114
50	0.9363	0.8726	0.8089
51	0.9354	0.8708	0.8062
52	0.9345	0.8689	0.8034
53	0.9334	0.8669	0.8003
54	0.9324	0.8648	0.7971
55	0.9312	0.8625	0.7937
56	0.9300	0.8601	0.7901
57	0.9287	0.8575	0.7862
58	0.9274	0.8547	0.7821

Age	12-month PLSO	24-month PLSO	36-month PLSO
59	0.9259	0.8518	0.7776
60	0.9243	0.8486	0.7729
61	0.9226	0.8453	0.7679
62	0.9208	0.8417	0.7625
63	0.9189	0.8378	0.7568
64	0.9169	0.8338	0.7507
65	0.9147	0.8294	0.7442
66	0.9124	0.8249	0.7373
67	0.9100	0.8200	0.7300
68	0.9074	0.8148	0.7223
69	0.9047	0.8094	0.7141
70	0.9018	0.8037	0.7055

Appendix G

CREDITABLE SERVICE (See page 11.)

The Creditable Service Table below shows how credit is awarded for types of service other than unused leave service credit.

15 days - 3 months	equals	0.25 year
4 - 6 months	equals	0.50 year
7 - 9 months	equals	0.75 year
10 - 12 months	equals	1.00 year

School employees employed for the entire school term and paid at least 11/12ths of the contract year salary receive a full year of service.

All service granted is subject to audit and, if required, correction at the time of retirement or whenever a discrepancy is discovered. If a member is aware of a discrepancy in the record, he or she should make PERS aware as soon as the discrepancy is discovered.

The above table should not be used to determine unused uncompensated leave equivalents. Refer to the tables in Appendices A and B for accumulated uncompensated unused leave equivalents.

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