

By: Representative Dedeaux

To: Education;
Appropriations

HOUSE BILL NO. 1425

1 AN ACT TO AUTHORIZE PUBLIC SCHOOL TEACHERS HAVING 25 OR MORE
2 YEARS' SERVICE IN THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM TO
3 PARTICIPATE IN A DEFERRED RETIREMENT OPTION PROGRAM (DROP), UNDER
4 WHICH THE TEACHER MAY CONTINUE TEACHING FOR A SPECIFIED PERIOD AND
5 RECEIVE THE REGULAR TEACHING SALARY, WHILE HAVING A SUM PAID INTO
6 AN ACCOUNT FOR THE MEMBER'S BENEFIT, WHICH WILL BE PAID TO THE
7 MEMBER UPON RETIREMENT; TO PROVIDE THAT ELIGIBLE MEMBERS MAY
8 PARTICIPATE IN THE DROP PROGRAM AT ANY TIME, BUT THE DECISION TO
9 PARTICIPATE IN THE DROP PROGRAM IS IRREVOCABLE ONCE IT IS MADE; TO
10 PROVIDE THAT THE DROP ACCOUNT FOR THE BENEFIT OF THE MEMBER SHALL
11 BE HELD IN RESERVE UNTIL THE MEMBER RETIRES; TO PROVIDE THAT
12 REGULAR INTEREST SHALL BE PAID ON MONIES IN THE DROP ACCOUNT
13 DURING THE TIME THAT THE MEMBER PARTICIPATES IN THE DROP PROGRAM
14 AND UNTIL THE MONIES ARE PAID TO THE MEMBER; TO PROVIDE THAT AT
15 THE TIME OF THE MEMBER'S RETIREMENT, THE MEMBER SHALL RECEIVE THE
16 ACCUMULATED MONIES IN THE DROP ACCOUNT IN ADDITION TO THE REGULAR
17 RETIREMENT ALLOWANCE; TO PROVIDE THAT ANY MEMBER PARTICIPATING IN
18 THE DROP PROGRAM SHALL NOT BE AN ACTIVE MEMBER OF THE RETIREMENT
19 SYSTEM AND SHALL NOT RECEIVE ANY CREDITABLE SERVICE FOR THE PERIOD
20 OF PARTICIPATION IN THE PROGRAM; TO AMEND SECTIONS 25-11-105,
21 25-11-109, 25-11-117 AND 25-11-127, MISSISSIPPI CODE OF 1972, IN
22 CONFORMITY TO THE PROVISIONS OF THIS ACT; AND FOR RELATED
23 PURPOSES.

24 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

25 SECTION 1. (1) There is established a Deferred Retirement
26 Option Program (DROP) for public school teachers who have
27 twenty-five (25) or more years of creditable service in the Public
28 Employees' Retirement System and who have not retired, which shall
29 be administered by the board of trustees of the retirement system.

30 The DROP program will allow any eligible member of the retirement
31 system to continue teaching in the public schools for any period
32 selected by the person not exceeding five (5) years and receive
33 his or her regular teaching salary, while having a sum paid into
34 an account for the benefit of the member, which will be paid to
35 the member upon retirement in addition to the member's regular
36 retirement allowance.

37

38 (2) Members who are eligible to participate in the DROP
39 program may sign up for the program at any time. However, the
40 decision to participate in the DROP program is irrevocable once it
41 is made, and a member participating in the DROP program may not
42 terminate participation before the end of the selected period of
43 participation without terminating employment.

44 (3) Any eligible member who wishes to participate in the
45 DROP program shall apply to the retirement system. In the
46 application, the member must select a period of participation of
47 one (1) to five (5) years, which period shall be irrevocable once
48 it is made. Participation in the DROP program shall begin on the
49 first day of the month following the month in which the member's
50 application is approved by the board of trustees of the retirement
51 system.

52 (4) During the time that a member participates in the DROP
53 program, the member shall receive the regular salary for his or
54 her teaching position, and the retirement system shall deposit
55 monthly into a DROP account for the benefit of the member
56 seventy-nine percent (79%) of the monthly amount that the member
57 would have received for his or her regular retirement allowance if
58 the member had retired at the beginning of participation in the
59 DROP program. The DROP account shall be held in reserve until the
60 member retires, and regular interest shall be paid on the monies
61 in the DROP account during the time that the member participates
62 in the DROP program and until the monies are paid to the member.
63 At the time of the member's retirement, the member shall receive
64 the accumulated monies in the DROP account, including all interest
65 earned on the account, in a lump sum or in monthly installment
66 payments, as selected by the member. In addition, the member
67 shall receive his or her regular retirement allowance under
68 Section 25-11-111. The monies in the DROP account shall not be
69 considered to be part of the member's regular retirement
70 allowance; however, if the member chooses to have the monies in
71 the DROP account paid in monthly installment payments, those

72 monies shall be paid to the member at the same time as the regular
73 retirement allowance.

74 (5) Any member participating in the DROP program shall not
75 be an active member of the retirement system and shall not receive
76 any creditable service for the period during which he or she
77 participates in the program. In addition, the salary earned by
78 the member while participating in the DROP program shall not be
79 part of the member's earned compensation for the purposes of the
80 retirement system and shall not be part of the member's average
81 compensation used to calculate the member's retirement allowance.

82
83 (6) A member may choose to continue teaching after the
84 period of participation in the DROP program has ended, but the
85 monies in the member's DROP account shall not be paid to the
86 member until he or she actually retires. If a member continues
87 teaching after the period of participation in the DROP program has
88 ended, the member shall again become an active member of the
89 retirement system, employee and employer contributions shall be
90 paid as provided under Section 25-11-123, and the member shall
91 earn creditable service for the continued teaching. The continued
92 teaching by the member shall not affect the monies in the member's
93 DROP account.

94 (7) The board of the trustees of the retirement system may
95 adopt rules and regulations as necessary for the implementation of
96 the DROP program established under this section.

97 (8) The definitions in Section 25-11-103 shall be applicable
98 to the terms used in this section.

99 SECTION 2. Section 25-11-105, Mississippi Code of 1972, is
100 amended as follows:

101 25-11-105. **I. THOSE WHO ARE ELIGIBLE FOR MEMBERSHIP**

102 The membership of this retirement system shall be composed as
103 follows:

104 (a) All persons who shall become employees in the state
105 service after January 31, 1953, and whose wages are subject to

106 payroll taxes and are lawfully reported on IRS Form W-2, except
107 (i) those persons who are specifically excluded, (ii) those
108 persons to whom election is provided in Articles 1 and 3, and
109 (iii) those persons who are participating in the Deferred
110 Retirement Option Program established under Section 1 of this act,
111 shall become members of the retirement system as a condition of
112 their employment.

113 (b) All persons who shall become employees in the state
114 service after January 31, 1953, except those specifically excluded
115 or as to whom election is provided in Articles 1 and 3, unless
116 they shall file with the board prior to the lapse of sixty (60)
117 days of employment or sixty (60) days after the effective date of
118 the cited articles, whichever is later, on a form prescribed by
119 the board, a notice of election not to be covered by the
120 membership of the retirement system and a duly executed waiver of
121 all present and prospective benefits which would otherwise inure
122 to them on account of their participation in the system, shall
123 become members of the retirement system; provided, however, that
124 no credit for prior service will be granted to members until they
125 have contributed to Article 3 of the retirement system for a
126 minimum period of at least four (4) years. Such members shall
127 receive credit for services performed prior to January 1, 1953, in
128 employment now covered by Article 3, but no credit shall be
129 granted for retroactive services between January 1, 1953, and the
130 date of their entry into the retirement system unless the employee
131 pays into the retirement system both the employer's and the
132 employee's contributions on wages paid him during the period from
133 January 31, 1953, to the date of his becoming a contributing
134 member, together with interest at the rate determined by the board
135 of trustees. Members reentering after withdrawal from service
136 shall qualify for prior service under the provisions of Section
137 25-11-117. From and after July 1, 1998, upon eligibility as noted
138 above, the member may receive credit for such retroactive service
139 provided:

140 (1) The member shall furnish proof satisfactory to
141 the board of trustees of certification of such service from the
142 covered employer where the services were performed; and

143 (2) The member shall pay to the retirement system
144 on the date he or she is eligible for such credit or at any time
145 thereafter prior to the date of retirement the actuarial cost for
146 each year of such creditable service. The provisions of this
147 subparagraph (2) shall be subject to the limitations of Section
148 415 of the Internal Revenue Code and regulations promulgated
149 thereunder.

150 Nothing contained in this paragraph (b) shall be construed to
151 limit the authority of the board to allow the correction of
152 reporting errors or omissions based on the payment of the employee
153 and employer contributions plus applicable interest.

154 (c) All persons who shall become employees in the state
155 service after January 31, 1953, and who are eligible for
156 membership in any other retirement system shall become members of
157 this retirement system as a condition of their employment unless
158 they elect at the time of their employment to become a member of
159 such other system.

160 (d) All persons who are employees in the state service
161 on January 31, 1953, and who are members of any nonfunded
162 retirement system operated by the State of Mississippi, or any of
163 its departments or agencies, shall become members of this system
164 with prior service credit unless, before February 1, 1953, they
165 shall file a written notice with the board of trustees that they
166 do not elect to become members.

167 (e) All persons who are employees in the state service
168 on January 31, 1953, and who under existing laws are members of
169 any fund operated for the retirement of employees by the State of
170 Mississippi, or any of its departments or agencies, shall not be
171 entitled to membership in this retirement system unless, before
172 February 1, 1953, any such person shall indicate by a notice filed
173 with the board, on a form prescribed by the board, his individual

174 election and choice to participate in this system, but no such
175 person shall receive prior service credit unless he becomes a
176 member on or before February 1, 1953.

177 (f) Each political subdivision of the state and each
178 instrumentality of the state or a political subdivision, or both,
179 is hereby authorized to submit, for approval by the board of
180 trustees, a plan for extending the benefits of this article to
181 employees of any such political subdivision or instrumentality.
182 Each such plan or any amendment to the plan for extending benefits
183 thereof shall be approved by the board of trustees if it finds
184 that such plan, or such plan as amended, is in conformity with
185 such requirements as are provided in Articles 1 and 3; however,
186 upon approval of such plan or any such plan heretofore approved by
187 the board of trustees, the approved plan shall not be subject to
188 cancellation or termination by the political subdivision or
189 instrumentality. No such plan shall be approved unless:

190 (1) It provides that all services which constitute
191 employment as defined in Section 25-11-5 and are performed in the
192 employ of the political subdivision or instrumentality, by any
193 employees thereof, shall be covered by the plan; with the
194 exception of municipal employees who are already covered by
195 existing retirement plans; provided, however, those employees in
196 this class may elect to come under the provisions of this article;

197 (2) It specifies the source or sources from which
198 the funds necessary to make the payments required by subsection
199 (d) of Section 25-11-123 and of subsections (f)(5)b and c of this
200 section are expected to be derived and contains reasonable
201 assurance that such sources will be adequate for such purpose;

202 (3) It provides for such methods of administration
203 of the plan by the political subdivision or instrumentality as are
204 found by the board of trustees to be necessary for the proper and
205 efficient administration thereof;

206 (4) It provides that the political subdivision or
207 instrumentality will make such reports, in such form and

208 containing such information, as the board of trustees may from
209 time to time require;

210 (5) It authorizes the board of trustees to
211 terminate the plan in its entirety in the discretion of the board
212 if it finds that there has been a failure to comply substantially
213 with any provision contained in such plan, such termination to
214 take effect at the expiration of such notice and on such
215 conditions as may be provided by regulations of the board and as
216 may be consistent with applicable federal law.

217 A. The board of trustees shall not finally
218 refuse to approve a plan submitted under subsection (f), and shall
219 not terminate an approved plan without reasonable notice and
220 opportunity for hearing to each political subdivision or
221 instrumentality affected thereby. The board's decision in any
222 such case shall be final, conclusive and binding unless an appeal
223 be taken by the political subdivision or instrumentality aggrieved
224 thereby to the Circuit Court of Hinds County, Mississippi, in
225 accordance with the provisions of law with respect to civil causes
226 by certiorari.

227 B. Each political subdivision or
228 instrumentality as to which a plan has been approved under this
229 section shall pay into the contribution fund, with respect to
230 wages (as defined in Section 25-11-5), at such time or times as
231 the board of trustees may by regulation prescribe, contributions
232 in the amounts and at the rates specified in the applicable
233 agreement entered into by the board.

234 C. Every political subdivision or
235 instrumentality required to make payments under subsection (f)(5)b
236 hereof is authorized, in consideration of the employees' retention
237 in or entry upon employment after enactment of Articles 1 and 3,
238 to impose upon its employees, as to services which are covered by
239 an approved plan, a contribution with respect to wages (as defined
240 in Section 25-11-5) not exceeding the amount provided in Section
241 25-11-123(d) if such services constituted employment within the

242 meaning of Articles 1 and 3, and to deduct the amount of such
243 contribution from the wages as and when paid. Contributions so
244 collected shall be paid into the contribution fund as partial
245 discharge of the liability of such political subdivisions or
246 instrumentality under subsection (f)(5)b hereof. Failure to
247 deduct such contribution shall not relieve the employee or
248 employer of liability thereof.

249 D. Any state agency, school, political
250 subdivision, instrumentality or any employer that is required to
251 submit contribution payments or wage reports under any section of
252 this chapter shall be assessed interest on delinquent payments or
253 wage reports as determined by the board of trustees in accordance
254 with rules and regulations adopted by the board and such assessed
255 interest may be recovered by action in a court of competent
256 jurisdiction against such reporting agency liable therefor or may,
257 upon due certification of delinquency and at the request of the
258 board of trustees, be deducted from any other monies payable to
259 such reporting agency by any department or agency of the state.

260 E. Each political subdivision of the state
261 and each instrumentality of the state or a political subdivision
262 or subdivisions which submits a plan for approval of the board, as
263 provided in this section, shall reimburse the board for coverage
264 into the expense account, its pro rate share of the total expense
265 of administering Articles 1 and 3 as provided by regulations of
266 said board.

267 (g) The board may, in its discretion, deny the right of
268 membership in this system to any class of employees whose
269 compensation is only partly paid by the state or who are occupying
270 positions on a part-time or intermittent basis. The board may, in
271 its discretion, make optional with employees in any such classes
272 their individual entrance into this system.

273 (h) An employee whose membership in this system is
274 contingent on his own election, and who elects not to become a
275 member, may thereafter apply for and be admitted to membership;

276 but no such employee shall receive prior service credit unless he
277 becomes a member prior to July 1, 1953, except as provided in
278 subsection (b).

279 (i) In the event any member of this system should
280 change his employment to any agency of the state having an
281 actuarially funded retirement system, the board of trustees may
282 authorize the transfer of the member's creditable service and of
283 the present value of the member's employer's accumulation account
284 and of the present value of the member's accumulated membership
285 contributions to such other system, provided the employee agrees
286 to the transfer of his accumulated membership contributions and
287 provided such other system is authorized to receive and agrees to
288 make such transfer.

289 In the event any member of any other actuarially funded
290 system maintained by an agency of the state changes his employment
291 to an agency covered by this system, the board of trustees may
292 authorize the receipt of the transfer of the member's creditable
293 service and of the present value of the member's employer's
294 accumulation account and of the present value of the member's
295 accumulated membership contributions from such other system,
296 provided the employee agrees to the transfer of his accumulated
297 membership contributions to this system and provided the other
298 system is authorized and agrees to make such transfer.

299 (j) Wherever herein state employment is referred to, it
300 shall include joint employment by state and federal agencies of
301 all kinds.

302 (k) Employees of a political subdivision or
303 instrumentality who were employed by such political subdivision or
304 instrumentality prior to an agreement between such entity and the
305 Public Employees' Retirement System to extend the benefits of this
306 article to its employees, and which agreement provides for the
307 establishment of retroactive service credit, and who have been
308 members of the retirement system and have remained contributors to
309 the retirement system for four (4) years, may receive credit for

310 such retroactive service with such political subdivision or
311 instrumentality, provided the employee and/or employer, as
312 provided under the terms of the modification of the joinder
313 agreement in allowing such coverage, pay into the retirement
314 system the employer's and employee's contributions on wages paid
315 the member during such previous employment, together with interest
316 or actuarial cost as determined by the board covering the period
317 from the date the service was rendered until the payment for the
318 credit for such service was made. Such wages shall be verified by
319 the Social Security Administration or employer payroll records.
320 Effective July 1, 1998, upon eligibility as noted above, a member
321 may receive credit for such retroactive service with such
322 political subdivision or instrumentality provided;

323 (1) The member shall furnish proof satisfactory to
324 the board of trustees of certification of such services from the
325 political subdivision or instrumentality where the services were
326 rendered or verification by the Social Security Administration;
327 and

328 (2) The member shall pay to the retirement system
329 on the date he or she is eligible for such credit or at any time
330 thereafter prior to the date of retirement the actuarial cost for
331 each year of such creditable service. The provisions of this
332 subparagraph (2) shall be subject to the limitations of Section
333 415 of the Internal Revenue Code and regulations promulgated
334 thereunder.

335 Nothing contained in this paragraph (k) shall be construed to
336 limit the authority of the board to allow the correction of
337 reporting errors or omissions based on the payment of employee and
338 employer contributions plus applicable interest. Payment for such
339 time shall be made in increments of not less than one-quarter
340 (1/4) year of creditable service beginning with the most recent
341 service. Upon the payment of all or part of such required
342 contributions, plus interest or the actuarial cost as provided
343 above, the member shall receive credit for the period of

344 creditable service for which full payment has been made to the
345 retirement system.

346 (l) Through June 30, 1998, any state service eligible
347 for retroactive service credit, no part of which has ever been
348 reported, and requiring the payment of employee and employer
349 contributions plus interest, or, from and after July 1, 1998, any
350 state service eligible for retroactive service credit, no part of
351 which has ever been reported to the retirement system, and
352 requiring the payment of the actuarial cost for such creditable
353 service, may, at the member's option, be purchased in quarterly
354 increments as provided above at such time as its purchase is
355 otherwise allowed.

356 (m) All rights to purchase retroactive service credit
357 or repay a refund as provided in Section 25-11-101 et seq. shall
358 terminate upon retirement.

359 **II. THOSE WHO ARE NOT ELIGIBLE FOR MEMBERSHIP**

360 The following classes of employees and officers shall not
361 become members of this retirement system, any other provisions of
362 Articles 1 and 3 to the contrary notwithstanding:

363 (a) Patient or inmate help in state charitable, penal
364 or correctional institutions;

365 (b) Students of any state educational institution
366 employed by any agency of the state for temporary, part-time or
367 intermittent work;

368 (c) Participants of Comprehensive Employment and
369 Training Act of 1973 (CETA) being Public Law 93-203, who enroll on
370 or after July 1, 1979.

371 **III. TERMINATION OF MEMBERSHIP**

372 Membership in this system shall cease by a member withdrawing
373 his accumulated contributions, or by a member withdrawing from
374 active service with a retirement allowance, or by a member's
375 death.

376 SECTION 3. Section 25-11-109, Mississippi Code of 1972, is
377 amended as follows:

378 25-11-109. (1) Under such rules and regulations as the
379 board of trustees shall adopt, each person who becomes a member of
380 this retirement system, as provided in Section 25-11-105, on or
381 prior to July 1, 1953, or who becomes a member and contributes to
382 the system for a minimum period of four (4) years, shall receive
383 credit for all state service rendered before February 1, 1953. To
384 receive such credit, such member shall file a detailed statement
385 of all services as an employee rendered by him in the state
386 service before February 1, 1953. For any member who joined the
387 system after July 1, 1953, any creditable service for which the
388 member is not required to make contributions shall not be credited
389 to the member until the member has contributed to the system for a
390 minimum period of at least four (4) years.

391 (2) In the computation of membership service or prior
392 service under the provisions of this article, the total months of
393 accumulative service during any fiscal year shall be calculated in
394 accordance with the schedule as follows: ten (10) or more months
395 of creditable service during any fiscal year shall constitute a
396 year of creditable service; seven (7) months to nine (9) months
397 inclusive, three-quarters (3/4) of a year of creditable service;
398 four (4) months to six (6) months inclusive, one-half (1/2) year
399 of creditable service; one (1) month to three (3) months
400 inclusive, one-quarter (1/4) of a year of creditable service. In
401 no case shall credit be allowed for any period of absence without
402 compensation except for disability while in receipt of a
403 disability retirement allowance, nor shall less than fifteen (15)
404 days of service in any month, or service less than the equivalent
405 of one-half (1/2) of the normal working load for the position and
406 less than one-half (1/2) of the normal compensation for the
407 position in any month, constitute a month of creditable service,
408 nor shall more than one (1) year of service be creditable for all
409 services rendered in any one (1) fiscal year; provided that for a
410 school employee, substantial completion of the legal school term
411 when and where the service was rendered shall constitute a year of

412 service credit for both prior service and membership service. Any
413 state or local elected official shall be deemed a full-time
414 employee for the purpose of creditable service for prior service
415 or membership service. However, an appointed or elected official
416 compensated on a per diem basis only shall not be allowed
417 creditable service for terms of office.

418 In the computation of any retirement allowance or any annuity
419 or benefits provided in this article, any fractional period of
420 service of less than one (1) year shall be taken into account and
421 a proportionate amount of such retirement allowance, annuity or
422 benefit shall be granted for any such fractional period of
423 service.

424 In the computation of unused leave for creditable service
425 authorized in Section 25-11-103, the following shall govern:
426 twenty-one (21) days of unused leave shall constitute one (1)
427 month of creditable service and in no case shall credit be allowed
428 for any period of unused leave of less than fifteen (15) days.
429 The number of months of unused leave shall determine the number of
430 quarters or years of creditable service in accordance with the
431 above schedule for membership and prior service. In order for the
432 member to receive creditable service for the number of days of
433 unused leave, the system must receive certification from the
434 governing authority.

435 For the purpose of this subsection, for members of the system
436 who are elected officers and who retire on or after July 1, 1987,
437 the following shall govern:

438 (a) For service prior to July 1, 1984, the members
439 shall receive credit for leave (combined personal and major
440 medical) for service as an elected official prior to that date at
441 the rate of thirty (30) days per year.

442 (b) For service on and after July 1, 1984, the member
443 shall receive credit for personal and major medical leave
444 beginning July 1, 1984, at the rates authorized in Sections
445 25-3-93 and 25-3-95, computed as a full-time employee.

446 (3) Subject to the above restrictions and to such other
447 rules and regulations as the board may adopt, the board shall
448 verify, as soon as practicable after the filing of such statements
449 of service, the services therein claimed.

450 (4) Upon verification of the statement of prior service, the
451 board shall issue a prior service certificate certifying to each
452 member the length of prior service for which credit shall have
453 been allowed on the basis of his statement of service. So long as
454 membership continues, a prior service certificate shall be final
455 and conclusive for retirement purposes as to such service,
456 provided that any member may within five (5) years from the date
457 of issuance or modification of such certificate request the board
458 of trustees to modify or correct his prior service certificate.
459 Any modification or correction authorized shall only apply
460 prospectively.

461 When membership ceases, such prior service certificates shall
462 become void. Should the employee again become a member, he shall
463 enter the system as an employee not entitled to prior service
464 credit except as provided in Sections 25-11-105(I), 25-11-113 and
465 25-11-117.

466 (5) Creditable service at retirement, on which the
467 retirement allowance of a member shall be based, shall consist of
468 the membership service rendered by him since he last became a
469 member, and also, if he has a prior service certificate which is
470 in full force and effect, the amount of the service certified on
471 his prior service certificate. Creditable service shall not
472 consist of any service rendered while participating in the
473 Deferred Retirement Option Program established under Section 1 of
474 this act.

475 (6) Anything in this article to the contrary
476 notwithstanding, any member who served on active duty in the Armed
477 Forces of the United States, or who served in maritime service
478 during periods of hostility in World War II, shall be entitled to
479 creditable service for his service on active duty in the armed

480 forces or in such maritime service, provided he entered state
481 service after his discharge from the armed forces or entered state
482 service after he completed such maritime service. The maximum
483 period for such creditable service for all military service shall
484 not exceed four (4) years unless positive proof can be furnished
485 by such person that he was retained in the armed forces during
486 World War II or in maritime service during World War II by causes
487 beyond his control and without opportunity of discharge. The
488 member shall furnish proof satisfactory to the board of trustees
489 of certification of military service or maritime service records
490 showing dates of entrance into active duty service and the date of
491 discharge. From and after July 1, 1993, no creditable service
492 shall be granted for any military service or maritime service to a
493 member who qualifies for a retirement allowance in another public
494 retirement system administered by the Board of Trustees of the
495 Public Employees' Retirement System based in whole or in part on
496 such military or maritime service. In no case shall the member
497 receive creditable service if the member received a dishonorable
498 discharge from the Armed Forces of the United States.

499 (7) Any actively contributing member of the Public
500 Employees' Retirement System who has at least four (4) years of
501 membership service credit shall be entitled to receive a maximum
502 of five (5) years creditable service for service rendered in
503 another state as a public employee of such other state, or a
504 political subdivision, public education system or other
505 governmental instrumentality thereof, or service rendered as a
506 teacher in American overseas dependent schools conducted by the
507 Armed Forces of the United States for children of citizens of the
508 United States residing in areas outside the continental United
509 States, provided that:

510 (a) The member shall furnish proof satisfactory to the
511 board of trustees of certification of such services from the
512 state, public education system, political subdivision or
513 retirement system of the state where the services were performed

514 or the governing entity of the American overseas dependent school
515 where the services were performed; and

516 (b) The member is not receiving or will not be entitled
517 to receive from the public retirement system of the other state or
518 from any other retirement plan, including optional retirement
519 plans, sponsored by the employer, a retirement allowance including
520 such services; and

521 (c) The member shall pay to the retirement system on
522 the date he or she is eligible for credit for such out-of-state
523 service or at any time thereafter prior to date of retirement the
524 actuarial cost as determined by the actuary for each year of
525 out-of-state creditable service. The member may begin to purchase
526 such service credit at such time as the total eligible additional
527 credit, when added to the member's creditable service, will
528 entitle the member to receive a retirement allowance within five
529 (5) years. The provisions of this subsection are subject to the
530 limitations of Section 415 of the Internal Revenue Code and
531 regulations promulgated thereunder.

532 (8) Any actively contributing member of the Public
533 Employees' Retirement System who has at least four (4) years of
534 membership service credit and who receives, or has received,
535 professional leave without compensation for professional purposes
536 directly related to the employment in state service shall receive
537 creditable service for the period of professional leave without
538 compensation provided:

539 (a) The professional leave is performed with a public
540 institution or public agency of this state, or another state or
541 federal agency;

542 (b) The employer approves the professional leave
543 showing the reason for granting the leave and makes a
544 determination that the professional leave will benefit the
545 employee and employer;

546 (c) Such professional leave shall not exceed two (2)
547 years during any ten-year period of state service;

548 (d) The employee shall serve the employer on a
549 full-time basis for a period of time equivalent to the
550 professional leave period granted immediately following the
551 termination of the leave period;

552 (e) The actively contributing member shall pay to the
553 retirement system the actuarial cost as determined by the actuary
554 for each year of professional leave. The member may begin to
555 purchase such service credit at such time as the total eligible
556 additional credit, when added to the member's creditable service,
557 will entitle the member to receive a retirement allowance within
558 five (5) years. The provisions of this subsection are subject to
559 the regulations of the Internal Revenue Code limitations;

560 (f) Such other rules and regulations consistent
561 herewith as the board may adopt and in case of question, the board
562 shall have final power to decide the questions.

563 Any actively contributing member participating in the School
564 Administrator Sabbatical Program established in Section 37-9-77
565 shall qualify for continued participation under this subsection
566 (8).

567 (9) Any member of the Public Employees' Retirement System
568 who has at least four (4) years of credited membership service
569 shall be entitled to receive a maximum of ten (10) years
570 creditable service for:

571 (a) Any service rendered as an employee of any
572 political subdivision of this state, or any instrumentality
573 thereof, which does not participate in the Public Employees'
574 Retirement System; or

575 (b) Any service rendered as an employee of any
576 political subdivision of this state, or any instrumentality
577 thereof, which participates in the Public Employees' Retirement
578 System but did not elect retroactive coverage; or

579 (c) Any service rendered as an employee of any
580 political subdivision of this state, or any instrumentality
581 thereof, for which coverage of the employee's position was or is

582 excluded; provided that the member pays into the retirement system
583 the actuarial cost as determined by the actuary for each year, or
584 portion thereof, of such service. Payment for such service may be
585 made in increments of one-quarter (1/4) year of creditable
586 service. After a member has made full payment to the retirement
587 system for all or any part of such service, the member shall
588 receive creditable service for the period of such service for
589 which full payment has been made to the retirement system.

590 SECTION 4. Section 25-11-117, Mississippi Code of 1972, is
591 amended as follows:

592 25-11-117. (1) A member may be paid a refund of the amount
593 of accumulated contributions to the credit of the member in the
594 annuity savings account provided the member has withdrawn from
595 state service and further provided the member has not returned to
596 state service on the date the refund of the accumulated
597 contributions would be paid. Such refund of the contributions to
598 the credit of the member in the annuity savings account shall be
599 paid within ninety (90) days from receipt in the office of the
600 retirement system of the properly completed form requesting such
601 payment. In the event of death prior to retirement of any member
602 whose spouse and/or children are not entitled to a retirement
603 allowance, the accumulated contributions to the credit of the
604 deceased member in the annuity savings account and any Deferred
605 Retirement Option Program account shall be paid to the designated
606 beneficiary on file in writing in the office of executive director
607 of the board of trustees within ninety (90) days from receipt of a
608 properly completed form requesting such payment. If there is no
609 such designated beneficiary on file for such deceased member in
610 the office of the system, upon the filing of a proper request with
611 the board, the contributions to the credit of the deceased member
612 in the annuity savings account and any Deferred Retirement Option
613 Program account shall be refunded to the estate of the deceased
614 member. The payment of the * * * refund shall discharge all
615 obligations of the retirement system to the * * * member on

616 account of any creditable service rendered by the member prior to
617 the receipt of the refund. By the acceptance of the refund, the
618 member shall waive and relinquish all accrued rights in the
619 system.

620 (2) Pursuant to the Unemployment Compensation Amendments of
621 1992 (P.L. 102-318 (UCA)), a member or eligible beneficiary
622 eligible for a refund under this section may elect on a form
623 prescribed by the board under rules and regulations established by
624 the board, to have an eligible rollover distribution of
625 accumulated contributions payable under this section paid directly
626 to an eligible retirement plan or individual retirement account.
627 If the member or eligible beneficiary makes such election and
628 specifies the eligible retirement plan or individual retirement
629 account to which such distribution is to be paid, the distribution
630 will be made in the form of a direct trustee-to-trustee transfer
631 to the specified eligible retirement plan. Flexible rollovers
632 under this subsection shall not be considered assignments under
633 Section 25-11-129.

634 (3) If any person who has received a refund reenters the
635 state service and again becomes a member of the system and remains
636 a contributor for two (2) years, the member may repay all or part
637 of the amounts previously received as a refund, together with
638 regular interest covering the period from the date of refund to
639 the date of repayment; * * * however, * * * the amounts that are
640 repaid by the member and the creditable service related thereto
641 shall not be used in any benefit calculation or determination
642 until the member has remained a contributor to the system for a
643 period of at least four (4) years subsequent to such member's
644 reentry into state service. Repayment for such time shall be made
645 in increments of not less than one-quarter (1/4) year of
646 creditable service beginning with the most recent service for
647 which refund has been made. Upon the repayment of all or part of
648 such refund and interest, the member shall again receive credit
649 for the period of creditable service for which full repayment has

650 been made to the system.

651 SECTION 5. Section 25-11-127, Mississippi Code of 1972, is
652 amended as follows:

653 25-11-127. No person who is being paid a retirement
654 allowance or a pension after retirement under this article shall
655 be employed or paid for any service by the State of Mississippi
656 except as provided in this section, unless the person was a
657 participant in the Deferred Retirement Option Program established
658 under Section 1 of this act, in which case Section 1 of this act
659 shall also apply. This section shall not apply to any pensioner
660 who has been elected to public office after retirement, nor to any
661 person employed because of special knowledge or experience. This
662 section shall not be construed to mean that any person employed or
663 elected under the above exceptions shall become a member under
664 Article 3 of the retirement system, nor shall any retirant of this
665 retirement system who is reemployed or is reelected to office,
666 after retirement continue to draw retirement benefits while so
667 reemployed. Any person who has been retired under the provisions
668 of Articles 1 and 3 and who is later reemployed in service covered
669 by this article shall cease to receive benefits under this section
670 and shall again become a contributing member of the retirement
671 system; and when the person again retires, if his reemployment
672 exceeds six (6) months, he shall have his benefit recomputed,
673 including service after again becoming a member, provided * * *
674 that the total retirement allowance paid to the retired member in
675 his previous retirement shall be deducted from his retirement
676 reserve and taken into consideration in recalculating the
677 retirement allowance under a new option selected. Nothing
678 contained in this section shall be construed as prohibiting any
679 county or city not a member of the Public Employees' Retirement
680 System from employing persons up to the age of seventy-three (73);
681 and provided further that, through June 30, 1988, nothing
682 contained in this section shall be construed as prohibiting any
683 governmental unit which is a member from employing persons up to

684 the age of seventy-three (73) who are not eligible for membership
685 at the time of employment under Article 3.

686 The board of trustees of the retirement system shall have the
687 right to prescribe rules and regulations for the carrying out of
688 this provision.

689 The provisions of this section shall not be construed to
690 prohibit any retirant regardless of age from being employed and
691 from drawing retirement allowance either (a) for a period of time
692 not to exceed one hundred twenty (120) days in any fiscal year,
693 but less than one-half (1/2) of the normal working days for the
694 position in any fiscal year, or (b) for a period of time in any
695 fiscal year sufficient in length to permit a retirant to earn not
696 in excess of twenty-five percent (25%) of retirant's average
697 compensation or the current rate of the salary in effect for the
698 regular position filled. Notice shall be given in writing to the
699 executive director of the system, setting forth the facts upon
700 which the * * * employment is being made, and that notice shall be
701 given within five (5) days from the date of employment and also
702 from the date of termination of the employment. * * *

703 Any member who has attained seventy (70) years of age and who
704 has forty (40) or more years of creditable service may continue in
705 office or employment or be reemployed or elected, provided that
706 the person files annually, in writing, in the office of the
707 employer and the office of the executive director of the system
708 before those services, a waiver of all salary or compensation and
709 elects to receive in lieu of that salary or compensation a
710 retirement allowance as provided in this section, in which event
711 no salary or compensation shall thereafter be due or payable for
712 those services. However, any such officer or employee may receive
713 in addition to the retirement allowance any per diem, office
714 expense allowance, mileage or travel expense authorized by any
715 statute of the State of Mississippi. Any other member may
716 continue in municipal or county office or employment or be
717 reemployed or elected in a municipality or county, provided that

718 the person files annually, in writing, in the office of the
719 employer and the office of the executive director of the system
720 before those services, a waiver of all salary or compensation and
721 elects to receive in lieu of that salary or compensation a
722 retirement allowance as provided in this section, in which event
723 no salary or compensation shall thereafter be due or payable for
724 those services. However, any such officer or employee may receive
725 in addition to the retirement allowance any per diem, office
726 expense allowance, mileage or travel expense authorized by any
727 statute of the State of Mississippi.

728 SECTION 6. Section 1 of this act shall be codified as a new
729 article in Chapter 11, Title 25, Mississippi Code of 1972.

730 SECTION 7. This act shall take effect and be in force from
731 and after July 1, 1999.