

By: Stringer

To: Appropriations

HOUSE BILL NO. 1281  
(As Sent to Governor)

1 AN ACT TO CREATE NEW SECTION 25-11-115.2, MISSISSIPPI CODE OF  
2 1972, TO PROVIDE THAT THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
3 SHALL NOT KNOWINGLY ALLOW BENEFIT PAYMENTS TO BE MADE DIRECTLY TO  
4 PERSONS WHO ARE DETERMINED TO BE LEGALLY INCOMPETENT; TO PROVIDE  
5 THAT ANY PERSON WHO COMES TO BE KNOWN BY THE SYSTEM AS INCAPABLE  
6 OF APPLYING FOR, MANAGING OR DIRECTING THE MANAGEMENT OF BENEFITS  
7 BY REASON OF MENTAL OR PHYSICAL IMPAIRMENT SHALL BE DIRECTED TO  
8 OBTAIN A CONSERVATOR OR LEGAL GUARDIAN; TO PROVIDE THAT THE SYSTEM  
9 MAY DESIGNATE A REPRESENTATIVE PAYEE FOR SUCH PERSON UNDER CERTAIN  
10 CIRCUMSTANCES; TO PROVIDE THAT CERTIFICATION BY A MEDICAL DOCTOR  
11 OF INCAPACITY TO APPLY FOR, MANAGE OR DIRECT THE MANAGEMENT OF  
12 BENEFITS SHALL BE REQUIRED BY THE SYSTEM BEFORE APPOINTMENT OF A  
13 REPRESENTATIVE PAYEE; TO REQUIRE A REPRESENTATIVE PAYEE TO APPLY  
14 BENEFITS PAID ONLY FOR THE USE AND BENEFIT OF THE BENEFIT  
15 RECIPIENT; TO LIMIT THE LIABILITY OF THE RETIREMENT SYSTEM FOR  
16 PAYMENTS MADE TO A REPRESENTATIVE PAYEE; TO PROVIDE AN OPTION  
17 UNDER WHICH ANNUITY PAYMENTS SHALL BE PAID TO AN INCAPACITATED  
18 PERSON IN THE ABSENCE OF A CONSERVATOR, LEGAL GUARDIAN OR DURABLE  
19 POWER OF ATTORNEY; TO CREATE NEW SECTIONS 25-11-117.1, 25-11-311.1  
20 AND 23-13-21.1, MISSISSIPPI CODE OF 1972, TO DESIGNATE TO WHOM  
21 BENEFITS ARE PAYABLE IN THE EVENT OF THE DEATH OF THE RETIREE AND  
22 THE DESIGNATED BENEFICIARY OF THE RETIREE UNDER THE PUBLIC  
23 EMPLOYEES' RETIREMENT SYSTEM, THE SUPPLEMENTAL LEGISLATIVE  
24 RETIREMENT PLAN AND THE MISSISSIPPI HIGHWAY SAFETY PATROL  
25 RETIREMENT SYSTEM; TO CREATE NEW SECTION 25-11-312, MISSISSIPPI  
26 CODE OF 1972, TO AUTHORIZE THE BOARD OF TRUSTEES OF THE PUBLIC  
27 EMPLOYEES' RETIREMENT SYSTEM TO ACCEPT AN ELIGIBLE ROLLOVER  
28 DISTRIBUTION OR A DIRECT TRANSFER OF FUNDS FROM ANOTHER QUALIFIED  
29 PLAN IN PAYMENT OF ALL OR A PORTION OF THE COST TO REINSTATE  
30 PREVIOUSLY WITHDRAWN SERVICE CREDIT IN THE SUPPLEMENTAL  
31 LEGISLATIVE RETIREMENT PLAN; TO PROVIDE THAT SUCH PLAN MAY ACCEPT  
32 SUCH PAYMENTS IN AN AMOUNT EQUAL TO OR LESS THAN THE BALANCE DUE  
33 FOR REINSTATEMENT OF SERVICE CREDIT; TO AMEND SECTION 25-11-103,  
34 MISSISSIPPI CODE OF 1972, TO CLARIFY WHO IS DESIGNATED AS THE  
35 BENEFICIARY OF A MEMBER IN CERTAIN SITUATIONS; TO AMEND SECTION  
36 25-11-111, MISSISSIPPI CODE OF 1972, TO AUTHORIZE A RETIREE OR  
37 BENEFICIARY TO IRREVOCABLY WAIVE ALL OR A PORTION OF THE  
38 RETIREMENT BENEFITS TO WHICH THE RETIREE OR BENEFICIARY IS  
39 ENTITLED; TO AMEND SECTION 25-11-121, MISSISSIPPI CODE OF 1972, TO  
40 INCREASE THE AMOUNT OF CERTAIN FOREIGN INVESTMENTS THAT THE  
41 RETIREMENT SYSTEM MAY MAKE TO 30% OF THE TOTAL BOOK VALUE OF ALL  
42 INVESTMENTS OF THE SYSTEM; TO AMEND SECTIONS 25-11-131 AND  
43 25-11-139, MISSISSIPPI CODE OF 1972, TO CLARIFY THAT THE BOARD OF  
44 TRUSTEES OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM HAS THE DUTY  
45 TO CORRECT ERRORS IN PAYMENTS OF BENEFITS; TO PROVIDE THAT SUCH  
46 CORRECTIONS SHALL BE MADE UPON DETECTION OF THE ERROR, WITHOUT  
47 REGARD TO THE LENGTH IT TAKES FOR THE BOARD TO BECOME AWARE OF THE  
48 ERROR; TO AMEND SECTION 25-11-311, MISSISSIPPI CODE OF 1972, TO  
49 AUTHORIZE A MEMBER OR BENEFICIARY ELIGIBLE FOR A REFUND UNDER THE  
50 SUPPLEMENTAL LEGISLATIVE RETIREMENT PLAN TO HAVE AN ELIGIBLE

51 ROLLOVER DISTRIBUTION OF ACCUMULATED CONTRIBUTIONS PAYABLE PAID  
52 DIRECTLY INTO AN ELIGIBLE RETIREMENT PLAN OR INDIVIDUAL RETIREMENT  
53 ACCOUNT; TO PROVIDE THE MANNER IN WHICH A MEMBER OF THE  
54 SUPPLEMENTAL LEGISLATIVE RETIREMENT PLAN WHO HAS RECEIVED A REFUND  
55 AND IS REELECTED TO THE LEGISLATURE MAY REPURCHASE CREDITABLE  
56 SERVICE IN THE SUPPLEMENTAL LEGISLATIVE RETIREMENT PLAN; TO AMEND  
57 SECTION 25-11-115, MISSISSIPPI CODE OF 1972, TO ESTABLISH A NEW  
58 RETIREMENT OPTION UNDER THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM TO  
59 ALLOW A MEMBER WHO HAS AT LEAST 28 YEARS OF CREDITABLE SERVICE AT  
60 THE TIME OF RETIREMENT, OR WHO IS AT LEAST 63 YEARS OF AGE AT THE  
61 TIME OF RETIREMENT, TO RECEIVE A PARTIAL LUMP SUM DISTRIBUTION; TO  
62 PROVIDE THAT THE LUMP SUM DISTRIBUTION SHALL BE EQUAL TO THE  
63 MAXIMUM MONTHLY BENEFIT MULTIPLIED BY 12, 24 OR 36; TO PROVIDE  
64 THAT THE MEMBER'S BENEFIT SHALL BE REDUCED TO REFLECT THE PAYMENT  
65 SELECTED AND SHALL BE COMPUTED TO RESULT IN NO ACTUARIAL LOSS TO  
66 THE SYSTEM; TO AMEND SECTION 25-13-16, MISSISSIPPI CODE OF 1972,  
67 TO ESTABLISH A NEW RETIREMENT OPTION UNDER THE HIGHWAY SAFETY  
68 PATROL RETIREMENT SYSTEM TO ALLOW A MEMBER WHO IS ELIGIBLE TO  
69 RETIRE WITH AN UNREDUCED BENEFIT TO RECEIVE A PARTIAL LUMP SUM  
70 DISTRIBUTION; TO PROVIDE THAT THE LUMP SUM DISTRIBUTION SHALL BE  
71 EQUAL TO THE MAXIMUM MONTHLY BENEFIT MULTIPLIED BY 12, 24 OR 36;  
72 TO PROVIDE THAT THE MEMBER'S BENEFIT SHALL BE REDUCED TO REFLECT  
73 THE PAYMENT SELECTED AND SHALL BE COMPUTED TO RESULT IN NO  
74 ACTUARIAL LOSS TO THE SYSTEM; TO AMEND SECTIONS 25-11-112,  
75 25-11-114, 25-11-117, 25-13-12, 25-13-13, AND 25-13-21,  
76 MISSISSIPPI CODE OF 1972, IN CONFORMITY TO THE PROVISIONS OF THIS  
77 ACT; TO AMEND SECTION 25-11-309, MISSISSIPPI CODE OF 1972, TO  
78 INCREASE THE PERCENTAGE USED TO CALCULATE THE AMOUNT OF  
79 RETIREMENT ALLOWANCES FROM THE SUPPLEMENTAL LEGISLATIVE RETIREMENT  
80 PLAN; TO REMOVE THE CAP ON THE AGGREGATE AMOUNT OF A RETIREMENT  
81 ALLOWANCE THAT A RETIREE MAY RECEIVE FROM THE SUPPLEMENTAL  
82 LEGISLATIVE RETIREMENT PLAN AND THE PUBLIC EMPLOYEES' RETIREMENT  
83 SYSTEM; TO AMEND SECTION 25-11-307, MISSISSIPPI CODE OF 1972, TO  
84 INCREASE THE AMOUNT OF EMPLOYEE AND EMPLOYER CONTRIBUTIONS UNDER  
85 THE SUPPLEMENTAL LEGISLATIVE RETIREMENT PLAN; TO DIRECT THE BOARD  
86 OF TRUSTEES OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM TO CONDUCT  
87 A COMPREHENSIVE STUDY OF THE FEASIBILITY OF PROVIDING ONE HEALTH  
88 INSURANCE PROGRAM FOR ALL RETIRED PUBLIC EMPLOYEES; AND FOR  
89 RELATED PURPOSES.

90  
91 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

92 SECTION 1. The provisions of this section shall be codified  
93 as Section 25-11-115.2, Mississippi Code of 1972:

94 25-11-115.2. (1) It is the intent of the Public Employees'  
95 Retirement System to provide benefit payments in an efficient  
96 manner consistent with the member's best interest. The system  
97 shall not knowingly allow payments to be made directly to persons  
98 who are determined legally incompetent or incapable of managing or  
99 directing the management of benefits. Any person applying for or  
100 receiving benefits who comes to be known as incapable of applying  
101 for, managing or directing the management of benefits by reason of  
102 mental or physical impairment, as certified by a medical doctor,

103 shall be directed to obtain a conservator or legal guardian for  
104 purposes of applying for, receiving, managing and/or directing  
105 benefit payments. In the absence of a conservator or legal  
106 guardian or valid durable power of attorney, the Public Employees'  
107 Retirement System may designate a representative payee for such  
108 purposes. The benefit recipient may nominate a representative  
109 payee for consideration by the system in selecting a payee, and  
110 the system is responsible for selecting a payee, including an  
111 agency, organization, or institution, that will serve the interest  
112 of the benefit recipient. The system may also accept the Social  
113 Security Administration's designation of a representative payee to  
114 manage and direct funds paid by the system. The system shall have  
115 the authority to establish rules for the administration of this  
116 section.

117 (2) A representative payee shall be directed to apply  
118 benefits paid from the system only for the use and benefit of the  
119 benefit recipient. The system's obligations to a benefit  
120 recipient shall be discharged when it makes a correct payment to a  
121 representative payee on the benefit recipient's behalf. The  
122 system is without liability for the theft or misuse of benefits if  
123 the benefits were properly paid based upon the information  
124 available to the system at the time the payments were made.

125 (3) In the absence of a conservator, legal guardian or valid  
126 durable power of attorney, an unmarried benefit applicant who is  
127 deemed to be incapable of applying for, managing or directing his  
128 or her benefits, shall be entitled to receive annuity payments in  
129 an amount equal to a retirement allowance based on the maximum  
130 benefit payable to the member for life and with any remaining  
131 benefit at the death of the member payable pursuant to Section  
132 25-11-117.1(1). Such payments shall be paid to the representative  
133 payee, designated by the system in accordance with the provisions  
134 of this section during the period of the benefit recipient's  
135 incapacity.

136 (4) In the absence of a conservator, legal guardian or valid  
137 durable power of attorney, any married benefit applicant who is  
138 deemed to be incapable of applying for, managing or directing his  
139 or her benefits, shall be paid a reduced retirement allowance  
140 under Option 2 as provided in Section 25-11-115, with the lawful  
141 spouse as the beneficiary. Such payments shall be paid to a  
142 representative payee as designated by the system in accordance  
143 with the provisions of this section during the period of the  
144 benefit recipient's incapacity.

145 SECTION 2. The provisions of this section shall be codified  
146 as Section 25-11-117.1, Mississippi Code of 1972:

147 25-11-117.1. (1) Except as otherwise provided in subsection  
148 (2) of this section, where benefits are payable to a designated  
149 beneficiary or beneficiaries under this article and the designated  
150 beneficiary or beneficiaries as provided by the member on the most  
151 recent form filed with the system is deceased or otherwise  
152 disqualified at the time such benefits become payable, the  
153 following persons, in descending order of precedence, shall be  
154 eligible to receive such benefits:

155 (a) The surviving spouse of the member or retiree;

156 (b) The children of the member or retiree or their  
157 descendants, per stirpes;

158 (c) The brothers and sisters of the member or retiree  
159 or their descendants, per stirpes;

160 (d) The parents of the member or retiree;

161 (e) The executor or administrator on behalf of the  
162 member or retiree's estate;

163 (f) The persons entitled by law to distribution of the  
164 member or retiree's estate.

165 (2) Any monthly benefits payable to a beneficiary who dies  
166 prior to cashing his or her final check(s) and/or any additional  
167 benefits payable pursuant to Section 25-11-112 still payable at  
168 the death of a beneficiary receiving monthly benefits shall be

169 paid as follows:

170 (a) The surviving spouse of the beneficiary;

171 (b) The children of the beneficiary or their  
172 descendants, per stirpes;

173 (c) The brothers and sisters of the beneficiary or  
174 their descendants, per stirpes;

175 (d) The parents of the beneficiary;

176 (e) The executor or administrator on behalf of the  
177 beneficiary's estate;

178 (f) The persons entitled by law to distribution of the  
179 beneficiary's estate.

180 (3) In the event no claim is made by any individual listed  
181 in subsection (2) of this section, a distribution may be made  
182 pursuant to the provisions of subsection (1) of this section.

183 (4) Payment under the provisions of this section shall bar  
184 recovery by any other person of the benefits distributed. Payment  
185 of benefits made to one or more members of a class of individuals  
186 are made on behalf of all members of the class. Any members of  
187 the class coming forward after payment is made must look to those  
188 who received the payment.

189 SECTION 3. The provisions of this section shall be codified  
190 as Section 25-11-311.1, Mississippi Code of 1972:

191 25-11-311.1. (1) Except as provided in subsection (2) of  
192 this section, where benefits are payable to a designated  
193 beneficiary or beneficiaries and the designated beneficiary or  
194 beneficiaries as provided by the member on the most recent form  
195 filed with the system are deceased or otherwise disqualified at  
196 the time such benefits become payable, the following persons, in  
197 descending order of precedence, shall be eligible to receive such  
198 benefits:

199 (a) The surviving spouse of the member or retiree;

200 (b) The children of the member or retiree or their  
201 descendants, per stirpes;

202           (c) The brothers and sisters of the member or retiree  
203 or their descendants, per stirpes;

204           (d) The parents of the member or retiree;

205           (e) The executor or administrator on behalf of the  
206 member or retiree's estate;

207           (f) The persons entitled by law to distribution of the  
208 member or retiree's estate.

209           (2) Any monthly benefits payable to a beneficiary who dies  
210 prior to cashing his or her final check(s) and/or any additional  
211 benefits payable pursuant to Section 25-11-112 still payable at  
212 the death of a beneficiary receiving monthly benefits shall be  
213 paid as follows:

214           (a) The surviving spouse of the beneficiary;

215           (b) The children of the beneficiary or their  
216 descendants, per stirpes;

217           (c) The brothers and sisters of the beneficiary or  
218 their descendants, per stirpes;

219           (d) The parents of the beneficiary;

220           (e) The executor or administrator on behalf of the  
221 beneficiary's estate;

222           (f) The persons entitled by law to distribution of the  
223 beneficiary's estate.

224           (3) In the event no claim is made by any individual listed  
225 in subsection (2) of this section, a distribution may be made  
226 pursuant to the provisions of subsection (1) of this section.

227           (4) Payment under the provisions above shall bar recovery by  
228 any other person of the benefits distributed. Payment of benefits  
229 made to one or more members of a class of individuals are made on  
230 behalf of all members of the class. Any members of the class  
231 coming forward after payment is made must look to those who  
232 received the payment.

233           SECTION 4. The provisions of this section shall be codified  
234 as Section 25-13-21.1, Mississippi Code of 1972:

235           25-13-21.1. (1) Except as otherwise provided in subsection  
236 (2) of this section, where benefits are payable to a designated  
237 beneficiary or beneficiaries under this article and the designated  
238 beneficiary or beneficiaries as provided by the member on the most  
239 recent form filed with the system are deceased or otherwise  
240 disqualified at the time such benefits become payable, the  
241 following persons, in descending order of precedence, shall be  
242 eligible to receive such benefits:

243                   (a) The surviving spouse of the member or retiree;

244                   (b) The children of the member or retiree or their  
245 descendants, per stirpes;

246                   (c) The brothers and sisters of the member or retiree  
247 or their descendants, per stirpes;

248                   (d) The parents of the member or retiree;

249                   (e) The executor or administrator on behalf of the  
250 member or retiree's estate;

251                   (f) The persons entitled by law to distribution of the  
252 member or retiree's estate.

253           (2) Any monthly benefits payable to a beneficiary who dies  
254 prior to cashing his or her final check(s) and/or any additional  
255 benefits payable pursuant to Section 25-13-12 still payable at the  
256 death of a beneficiary receiving monthly benefits shall be paid as  
257 follows:

258                   (a) The surviving spouse of the beneficiary;

259                   (b) The children of the beneficiary or their  
260 descendants, per stirpes;

261                   (c) The brothers and sisters of the beneficiary or  
262 their descendants, per stirpes;

263                   (d) The parents of the beneficiary;

264                   (e) The executor or administrator on behalf of the  
265 beneficiary's estate;

266                   (f) The persons entitled by law to distribution of the  
267 beneficiary's estate.

268 (3) In the event no claim is made by any individual listed  
269 in subsection (2) of this section, a distribution may be made  
270 pursuant to the provisions of subsection (1) of this section.

271 (4) Payment under the provisions of this section shall bar  
272 recovery by any other person of the benefits distributed. Payment  
273 of benefits made to one or more members of a class of individuals  
274 are made on behalf of all members of the class. Any members of  
275 the class coming forward after payment is made must look to those  
276 who received the payment.

277 SECTION 5. The provisions of this section shall be codified  
278 as Section 25-11-312, Mississippi Code of 1972:

279 25-11-312. From and after July 1, 2000, subject to the rules  
280 adopted by the board, the supplemental legislative retirement plan  
281 shall accept an eligible rollover distribution or a direct  
282 transfer of funds from another qualified plan in payment of all or  
283 a portion of the cost to reinstate previously withdrawn service  
284 credit as permitted by the plan. The plan may only accept  
285 rollover payments in an amount equal to or less than the balance  
286 due for reinstatement of service credit. The rules adopted by the  
287 board of trustees shall condition the acceptance of a rollover or  
288 transfer from another qualified plan on the receipt from the other  
289 plan of information necessary to enable the plan to determine the  
290 eligibility of any transferred funds for tax-free rollover  
291 treatment or other treatment under federal income tax law.

292 SECTION 6. Section 25-11-103, Mississippi Code of 1972, is  
293 amended as follows:[WAN1]

294 25-11-103. The following words and phrases as used in  
295 Articles 1 and 3, unless a different meaning is plainly required  
296 by the context, shall have the following meanings:

297 (a) "Accumulated contributions" shall mean the sum of  
298 all the amounts deducted from the compensation of a member and  
299 credited to his individual account in the annuity savings account,  
300 together with regular interest thereon as provided in Section



301 25-11-123.

302 (b) "Actuarial cost" shall mean the amount of funds  
303 presently required to provide future benefits as determined by the  
304 board based on applicable tables and formulas provided by the  
305 actuary.

306 (c) "Actuarial equivalent" shall mean a benefit of  
307 equal value to the accumulated contributions, annuity or benefit,  
308 as the case may be, when computed upon the basis of such mortality  
309 tables as shall be adopted by the board of trustees, and regular  
310 interest.

311 (d) "Actuarial tables" shall mean such tables of  
312 mortality and rates of interest as shall be adopted by the board  
313 in accordance with the recommendation of the actuary.

314 (e) "Agency" shall mean any governmental body employing  
315 persons in the state service.

316 (f) "Average compensation" shall mean the average of  
317 the four (4) highest years of earned compensation reported for an  
318 employee in a fiscal or calendar year period, or combination  
319 thereof which do not overlap, or the last forty-eight (48)  
320 consecutive months of earned compensation reported for an  
321 employee. The four (4) years need not be successive or joined  
322 years of service. In no case shall the average compensation so  
323 determined be in excess of One Hundred Twenty-five Thousand  
324 Dollars (\$125,000.00). In computing the average compensation, any  
325 amount paid in a lump sum for personal leave shall be included in  
326 the calculation to the extent that such amount does not exceed an  
327 amount which is equal to thirty (30) days of earned compensation  
328 and to the extent that it does not cause the employees' earned  
329 compensation to exceed the maximum reportable amount specified in  
330 Section 25-11-103(k); provided, however, that such thirty-day  
331 limitation shall not prevent the inclusion in the calculation of  
332 leave earned under federal regulations prior to July 1, 1976, and  
333 frozen as of that date as referred to in Section 25-3-99. Only

334 the amount of lump sum pay for personal leave due and paid upon  
335 the death of a member attributable for up to one hundred fifty  
336 (150) days shall be used in the deceased member's average  
337 compensation calculation in determining the beneficiary's  
338 benefits. In computing the average compensation, no amounts shall  
339 be used which are in excess of the amount on which contributions  
340 were required and paid. If any member who is or has been granted  
341 any increase in annual salary or compensation of more than eight  
342 percent (8%) retires within twenty-four (24) months from the date  
343 that such increase becomes effective, then the board shall exclude  
344 that part of the increase in salary or compensation that exceeds  
345 eight percent (8%) in calculating that member's average  
346 compensation for retirement purposes. The board may enforce this  
347 provision by rule or regulation. However, increases in  
348 compensation in excess of eight percent (8%) per year granted  
349 within twenty-four (24) months of the date of retirement may be  
350 included in such calculation of average compensation if  
351 satisfactory proof is presented to the board showing that the  
352 increase in compensation was the result of an actual change in the  
353 position held or services rendered, or that such compensation  
354 increase was authorized by the State Personnel Board or was  
355 increased as a result of statutory enactment, and the employer  
356 furnishes an affidavit stating that such increase granted within  
357 the last twenty-four (24) months was not contingent on a promise  
358 or agreement of the employee to retire. Nothing in Section  
359 25-3-31 shall affect the calculation of the average compensation  
360 of any member for the purposes of this article. The average  
361 compensation of any member who retires before July 1, 1992, shall  
362 not exceed the annual salary of the Governor.

363 (g) "Beneficiary" shall mean any person entitled to  
364 receive a retirement allowance, an annuity or other benefit as  
365 provided by Articles 1 and 3. In the event of the death prior to  
366 retirement of any member whose spouse and/or children are not

367 entitled to a retirement allowance on the basis that the member  
368 has less than four (4) years of service credit and/or has not been  
369 married for a minimum of one (1) year or the spouse has waived his  
370 or her entitlement to a retirement allowance pursuant to Section  
371 25-11-114, the lawful spouse of a member at the time of the death  
372 of such member shall be the beneficiary of such member unless the  
373 member has designated another beneficiary subsequent to the date  
374 of marriage in writing, and filed such writing in the office of  
375 the executive director of the board of trustees. No designation  
376 or change of beneficiary shall be made in any other manner.

377 (h) "Board" shall mean the board of trustees provided  
378 in Section 25-11-15 to administer the retirement system herein  
379 created.

380 (i) "Creditable service" shall mean "prior service,"  
381 "retroactive service" and all lawfully credited unused leave not  
382 exceeding the accrual rates and limitations provided in Section  
383 25-3-91 et seq., as of the date of withdrawal from service plus  
384 "membership service" for which credit is allowable as provided in  
385 Section 25-11-109. Except to limit creditable service reported to  
386 the system for the purpose of computing an employee's retirement  
387 allowance or annuity or benefits provided in this article, nothing  
388 in this paragraph shall limit or otherwise restrict the power of  
389 the governing authority of a municipality or other political  
390 subdivision of the state to adopt such vacation and sick leave  
391 policies as it deems necessary.

392 (j) "Child" means either a natural child of the member,  
393 a child that has been made a child of the member by applicable  
394 court action before the death of the member, or a child under the  
395 permanent care of the member at the time of the latter's death,  
396 which permanent care status shall be determined by evidence  
397 satisfactory to the board.

398 (k) "Earned compensation" shall mean the full amount  
399 earned by an employee for a given pay period including any

400 maintenance furnished up to a maximum of One Hundred Twenty-five  
401 Thousand Dollars (\$125,000.00) per year, and proportionately for  
402 less than one (1) year of service. The value of such maintenance  
403 when not paid in money shall be fixed by the employing state  
404 agency, and, in case of doubt, by the board of trustees as defined  
405 in Section 25-11-15. In any case, earned compensation shall be  
406 limited to the regular periodic compensation paid, exclusive of  
407 litigation fees, bond fees, and other similar extraordinary  
408 nonrecurring payments. In addition, any member in a covered  
409 position, as defined by Public Employees' Retirement System laws  
410 and regulations, who is also employed by another covered agency or  
411 political subdivision shall have the earnings of that additional  
412 employment reported to the Public Employees' Retirement System  
413 regardless of whether the additional employment is sufficient in  
414 itself to be a covered position. In the case of fee officials,  
415 the net earnings from their office after deduction of expenses  
416 shall apply, except that in no case shall earned compensation be  
417 less than the total direct payments made by the state or  
418 governmental subdivisions to the official, and employer and  
419 employee contributions shall be paid thereon. In the case of  
420 members of the state Legislature, all remuneration or amounts  
421 paid, except mileage allowance, shall apply. The amount by which  
422 an eligible employee's salary is reduced pursuant to a salary  
423 reduction agreement authorized under Section 25-17-5 shall be  
424 included as earned compensation under this paragraph, provided  
425 this inclusion does not conflict with federal law, including  
426 federal regulations and federal administrative interpretations  
427 thereunder, pertaining to the Federal Insurance Contributions Act  
428 or to Internal Revenue Code Section 125 cafeteria plans.  
429 Compensation in addition to an employee's base salary that is paid  
430 to the employee pursuant to the vacation and sick leave policies  
431 of a municipality or other political subdivision of the state that  
432 employs him which exceeds the maximums authorized by Section

433 25-3-91 et seq., shall be excluded from the calculation of earned  
434 compensation under this article. The maximum salary applicable  
435 for retirement purposes before July 1, 1992, shall be the salary  
436 of the Governor. Nothing in Section 25-3-31 shall affect the  
437 determination of the earned compensation of any member for the  
438 purposes of this article.

439 (l) "Employee" means any person legally occupying a  
440 position in the state service, and shall include the employees of  
441 the retirement system created hereunder.

442 (m) "Employer" shall mean the State of Mississippi or  
443 any of its departments, agencies or subdivisions from which any  
444 employee receives his compensation.

445 (n) "Executive director" shall mean the secretary to  
446 the board of trustees, as provided in Section 25-11-15(9), and the  
447 administrator of the Public Employees' Retirement System and all  
448 systems under the management of the board of trustees. Wherever  
449 the term "Executive Secretary of the Public Employees' Retirement  
450 System" or "executive secretary" appears in this article or in any  
451 other provision of law, it shall be construed to mean the  
452 Executive Director of the Public Employees' Retirement System.

453 (o) "Fiscal year" shall mean the period beginning on  
454 July 1 of any year and ending on June 30 of the next succeeding  
455 year.

456 (p) "Medical board" shall mean the board of physicians  
457 or any governmental or nongovernmental disability determination  
458 service designated by the board of trustees that is qualified to  
459 make disability determinations as provided for in Section  
460 25-11-119.

461 (q) "Member" shall mean any person included in the  
462 membership of the system as provided in Section 25-11-105.

463 (r) "Membership service" shall mean service as an  
464 employee rendered while a member of the retirement system.

465 (s) "Position" means any office or any employment in

466 the state service, or two (2) or more of them, the duties of which  
467 call for services to be rendered by one (1) person, including  
468 positions jointly employed by federal and state agencies  
469 administering federal and state funds. The employer shall  
470 determine upon initial employment and during the course of  
471 employment of an employee who does not meet the criteria for  
472 coverage in the Public Employees' Retirement System based on the  
473 position held, whether the employee is or becomes eligible for  
474 coverage in the Public Employees' Retirement System based upon any  
475 other employment in a covered agency or political subdivision. If  
476 or when the employee meets the eligibility criteria for coverage  
477 in such other position, then the employer must withhold  
478 contributions and report wages from the noncovered position in  
479 accordance with the provisions for reporting of earned  
480 compensation. Failure to deduct and report those contributions  
481 shall not relieve the employee or employer of liability thereof.  
482 The board shall adopt such rules and regulations as necessary to  
483 implement and enforce this provision.

484 (t) "Prior service" shall mean service rendered before  
485 February 1, 1953, for which credit is allowable under Sections  
486 25-11-105 and 25-11-109, and which shall allow prior service for  
487 any person who is now or becomes a member of the Public Employees'  
488 Retirement System and who does contribute to the system for a  
489 minimum period of four (4) years.

490 (u) "Regular interest" shall mean interest compounded  
491 annually at such a rate as shall be determined by the board in  
492 accordance with Section 25-11-121.

493 (v) "Retirement allowance" shall mean an annuity for  
494 life as provided in this article, payable each year in twelve (12)  
495 equal monthly installments beginning as of the date fixed by the  
496 board. The retirement allowance shall be calculated in accordance  
497 with Section 25-11-111. Provided, any spouse who received a  
498 spouse retirement benefit in accordance with Section 25-11-111(d)

499 prior to March 31, 1971, and said benefits were terminated because  
500 of eligibility for a social security benefit, may again receive  
501 his spouse retirement benefit from and after making application  
502 with the board of trustees to reinstate such spouse retirement  
503 benefit.

504 (w) "Retroactive service" shall mean service rendered  
505 after February 1, 1953, for which credit is allowable under  
506 Section 25-11-105(b) and Section 25-11-105(k).

507 (x) "System" shall mean the Public Employees'  
508 Retirement System of Mississippi established and described in  
509 Section 25-11-101.

510 (y) "State" shall mean the State of Mississippi or any  
511 political subdivision thereof or instrumentality thereof.

512 (z) "State service" shall mean all offices and  
513 positions of trust or employment in the employ of the state, or  
514 any political subdivision or instrumentality thereof, which elect  
515 to participate as provided by Section 25-11-105(f), including the  
516 position of elected or fee officials of the counties and their  
517 deputies and employees performing public services or any  
518 department, independent agency, board or commission thereof, and  
519 shall also include all offices and positions of trust or  
520 employment in the employ of joint state and federal agencies  
521 administering state and federal funds and service rendered by  
522 employees of the public schools. Effective July 1, 1973, all  
523 nonprofessional public school employees, such as bus drivers,  
524 janitors, maids, maintenance workers and cafeteria employees,  
525 shall have the option to become members in accordance with Section  
526 25-11-105(b), and shall be eligible to receive credit for services  
527 prior to July 1, 1973, provided the contributions and interest are  
528 paid by the employee in accordance with said section; provided,  
529 further, that the county or municipal separate school district may  
530 pay the employer contribution and pro rata share of interest of  
531 the retroactive service from available funds. From and after July

532 1, 1998, retroactive service credit shall be purchased at the  
533 actuarial cost in accordance with Section 25-11-105(b).

534 (aa) "Withdrawal from service" shall mean complete  
535 severance of employment in the state service of any member by  
536 resignation, dismissal or discharge.

537 (bb) The masculine pronoun, wherever used, shall  
538 include the feminine pronoun.

539 SECTION 7. Section 25-11-111, Mississippi Code of 1972, is  
540 amended as follows:[WAN2]

541 25-11-111. (a) Any member upon withdrawal from service upon  
542 or after attainment of the age of sixty (60) years who shall have  
543 completed at least four (4) years of creditable service, or any  
544 member upon withdrawal from service regardless of age who shall  
545 have completed at least twenty-five (25) years of creditable  
546 service, shall be entitled to receive a retirement allowance which  
547 shall begin on the first of the month following the date the  
548 member's application for the allowance is received by the board,  
549 but in no event before withdrawal from service.

550 (b) Any member whose withdrawal from service occurs prior to  
551 attaining the age of sixty (60) years who shall have completed  
552 four (4) or more years of creditable service and shall not have  
553 received a refund of his accumulated contributions shall be  
554 entitled to receive a retirement allowance, beginning upon his  
555 attaining the age of sixty (60) years, of the amount earned and  
556 accrued at the date of withdrawal from service.

557 (c) Any member in service who has qualified for retirement  
558 benefits may select any optional method of settlement of  
559 retirement benefits by notifying the Executive Director of the  
560 Board of Trustees of the Public Employees' Retirement System in  
561 writing, on a form prescribed by the board, of the option he has  
562 selected and by naming the beneficiary of such option and  
563 furnishing necessary proof of age. Such option, once selected,  
564 may be changed at any time prior to actual retirement or death,



565 but upon the death or retirement of the member, the optional  
566 settlement shall be placed in effect upon proper notification to  
567 the executive director.

568 (d) The annual amount of the retirement allowance shall  
569 consist of:

570 (1) A member's annuity which shall be the actuarial  
571 equivalent of the accumulated contributions of the member at the  
572 time of retirement computed according to the actuarial table in  
573 use by the system; and

574 (2) An employer's annuity which, together with the  
575 member's annuity provided above, shall be equal to one and  
576 seven-eighths percent (1-7/8%) of the average compensation for  
577 each year of state service up to and including twenty-five (25)  
578 years of membership service, and two and one-fourth percent  
579 (2-1/4%) of the average compensation for each year of state  
580 service exceeding twenty-five (25) years of membership service.  
581 However, after the board of trustees has begun implementing the  
582 changes in the computation of the retirement allowance as provided  
583 in subsection (e), the employer's annuity shall be equal to:

584 (i) One and seven-eighths percent (1-7/8%) of the  
585 average compensation for each year of membership service up to and  
586 including the number of years specified in Column A of the table  
587 in subsection (e) for the latest phase that has been implemented,  
588 and

589 (ii) Two percent (2%) of the average compensation  
590 for each year of membership service exceeding the number of years  
591 specified in Column A of the table in subsection (e) for the  
592 latest phase that has been implemented up to and including  
593 twenty-five (25) years, and

594 (iii) The percentage of the average compensation  
595 specified in Column B of the table in subsection (e) for the  
596 latest phase that has been implemented for each year of membership  
597 service exceeding twenty-five (25) years.

598           (3) A prior service annuity equal to one and  
599 seven-eighths percent (1-7/8%) of the average compensation for  
600 each year of state service up to and including twenty-five (25)  
601 years of prior service, and two and one-fourth percent (2-1/4%) of  
602 the average compensation for each year of state service exceeding  
603 twenty-five (25) years of prior service for which the member is  
604 allowed credit. However, after the board of trustees has begun  
605 implementing the changes in the computation of the retirement  
606 allowance as provided in subsection (e), the prior service annuity  
607 shall be equal to:

608                   (i) One and seven-eighths percent (1-7/8%) of the  
609 average compensation for each year of prior service up to and  
610 including the number of years specified in Column A of the table  
611 in subsection (e) for the latest phase that has been implemented,  
612 and

613                   (ii) Two percent (2%) of the average compensation  
614 for each year of prior service exceeding the number of years  
615 specified in Column A of the table in subsection (e) for the  
616 latest phase that has been implemented up to and including  
617 twenty-five (25) years, and

618                   (iii) The percentage of the average compensation  
619 specified in Column B of the table in subsection (e) for the  
620 latest phase that has been implemented for each year of prior  
621 service exceeding twenty-five (25) years.

622           (4) Any retired member or beneficiary thereof who was  
623 eligible to receive a retirement allowance before July 1, 1991,  
624 and who is still receiving a retirement allowance on July 1, 1992,  
625 shall receive an increase in the annual retirement allowance of  
626 the retired member equal to one-eighth of one percent (1/8 of 1%)  
627 of the average compensation for each year of state service in  
628 excess of twenty-five (25) years of membership service up to and  
629 including thirty (30) years. The maximum increase shall be  
630 five-eighths of one percent (5/8 of 1%). In no case shall a

631 member who has been retired prior to July 1, 1987, receive less  
632 than Ten Dollars (\$10.00) per month for each year of creditable  
633 service and proportionately for each quarter year thereof.  
634 Persons retired on or after July 1, 1987, shall receive at least  
635 Ten Dollars (\$10.00) per month for each year of service and  
636 proportionately for each quarter year thereof reduced for the  
637 option selected. However, such Ten Dollars (\$10.00) minimum per  
638 month for each year of creditable service shall not apply to a  
639 retirement allowance computed under Section 25-11-114 based on a  
640 percentage of the member's average compensation.

641 (5) The board shall recalculate the retirement  
642 allowance of any member or the beneficiary of such a member, if  
643 the member or beneficiary is eligible to receive a retirement  
644 allowance before July 1, 1999, by using the criteria in paragraphs  
645 (2) and (3) of this subsection (d) that provides for two and  
646 one-fourth percent (2-1/4%) of the average compensation for each  
647 year of service exceeding twenty-five (25) years.

648 (6) Any member upon withdrawal from service upon or  
649 after attaining the age of sixty (60) years who has completed at  
650 least four (4) years of creditable service, or any member upon  
651 withdrawal from service regardless of age who has completed at  
652 least twenty-five (25) years of creditable service, shall be  
653 entitled to receive a retirement allowance computed in accordance  
654 with the formula set forth in this section. Such retirement  
655 allowance otherwise payable may be converted into a retirement  
656 allowance of equivalent actuarial value in such an amount that,  
657 with the member's benefit under Title II of the federal Social  
658 Security Act, the member will receive, so far as possible,  
659 approximately the same amount annually before and after the  
660 earliest age at which the member becomes eligible to receive a  
661 social security benefit.

662 (e) Beginning on July 1, 2000, the board of trustees shall  
663 implement changes in the computation of the amount of the annual

664 retirement allowance, which changes shall be implemented in phases  
 665 as set forth in the table in this subsection. The board of  
 666 trustees shall implement the phases systematically upon July 1  
 667 after the board's actuary certifies that implementation of a phase  
 668 will not cause the unfunded accrued actuarial liability  
 669 amortization period for the retirement system to exceed twenty-two  
 670 (22) years. The board of trustees shall have the exclusive  
 671 authority to set the assumptions that are used in the actuarial  
 672 evaluation in accordance with Section 25-11-119(9). The board of  
 673 trustees shall recalculate the retirement allowance of any retired  
 674 member or beneficiary of such a member as each phase is  
 675 implemented.

676 RETIREMENT ALLOWANCE COMPUTATION

677 IMPLEMENTATION TABLE

678	(A)	(B)
679	PHASE	2% FOR YEARS
680		PERCENTAGE
681	ABOVE THIS	FOR YEARS
682	NUMBER AND	ABOVE 25
683	≤25 YEARS	YEARS

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684	Phase 1	20 years	2.250%
685	Phase 2	15 years	2.250%
686	Phase 3	10 years	2.250%
687	Phase 4	5 years	2.250%
688	Phase 5	0 years	2.250%
689	Phase 6	0 years	2.375%
690	Phase 7	0 years	2.500%

691 Column A shows the years to which two percent (2%) is  
 692 applicable in computing the retirement allowance, which are all  
 693 the years of service exceeding the number specified in Column A  
 694 for the phase that has been implemented up to and including  
 695 twenty-five (25) years.

696 Column B shows the percentage that is applicable to the

697 number of years of service exceeding twenty-five (25) years in  
698 computing the retirement allowance.

699 (f) No member, except members excluded by the Age  
700 Discrimination in Employment Act Amendments of 1986 (Public Law  
701 99-592), under either Article 1 or Article 3 in state service  
702 shall be required to retire because of age.

703 (g) No payment on account of any benefit granted under the  
704 provisions of this section shall become effective or begin to  
705 accrue until January 1, 1953.

706 (h) (1) A retiree or beneficiary may, on a form prescribed  
707 by and filed with the retirement system, irrevocably waive all or  
708 a portion of any benefits from the retirement system to which the  
709 retiree or beneficiary is entitled. \* \* \* Such waiver shall be  
710 binding on the heirs and assigns of any retiree or beneficiary and  
711 the same must agree to forever hold harmless the Public Employees'  
712 Retirement System of Mississippi from any claim to such waived  
713 retirement benefits.

714 (2) Any waiver pursuant to this subsection shall apply  
715 only to the person executing the waiver. A beneficiary shall be  
716 entitled to benefits according to the option selected by the  
717 member at the time of retirement. However, a beneficiary may, at  
718 the option of the beneficiary, execute a waiver of benefits  
719 pursuant to this subsection.

720 (3) The retirement system shall retain in the annuity  
721 reserve account amounts that are not used to pay benefits because  
722 of a waiver executed under this subsection.

723 (4) The board of trustees may provide rules and  
724 regulations for the administration of waivers under this  
725 subsection.

726 SECTION 8. Section 25-11-121, Mississippi Code of 1972, is  
727 amended as follows:[WAN3]

728 25-11-121. (1) The board shall, from time to time,  
729 determine the current requirements for benefit payments and

730 administrative expense which shall be maintained as a cash working  
731 balance, except that such cash working balance shall not exceed at  
732 any time an amount necessary to meet the current obligations of  
733 the system for a period of ninety (90) days. Any amounts in  
734 excess of such cash working balance shall be invested, as follows,  
735 at such periodic intervals as the board may determine, provided  
736 however, all purchases shall be made from competitive offerings  
737 except short-term obligations referred to in Section 25-11-121(d):

738           (a) Bonds, notes, certificates and other valid general  
739 obligations of the State of Mississippi, or of any county, or of  
740 any city, or of any supervisors district of any county of the  
741 State of Mississippi, or of any school district bonds of the State  
742 of Mississippi; notes or certificates of indebtedness issued by  
743 the Veterans' Home Purchase Board of Mississippi, provided such  
744 notes or certificates of indebtedness are secured by the pledge of  
745 collateral equal to two hundred percent (200%) of the amount of  
746 the loan, which collateral is also guaranteed at least for fifty  
747 percent (50%) of the face value by the United States government,  
748 and provided that not more than five percent (5%) of the total  
749 investment holdings of the system shall be in Veterans' Home  
750 Purchase Board notes or certificates at any time; real estate  
751 mortgage loans one hundred percent (100%) insured by the Federal  
752 Housing Administration on single family homes located in the State  
753 of Mississippi, where monthly collections and all servicing  
754 matters are handled by Federal Housing Administration approved  
755 mortgagees authorized to make such loans in the State of  
756 Mississippi;

757           (b) State of Mississippi highway bonds;

758           (c) Funds may be deposited in federally insured  
759 institutions domiciled in the State of Mississippi or a custodial  
760 bank;

761           (d) Corporate bonds and taxable municipal bonds of  
762 investment grade as rated by Standard and Poor's or by Moody's

763 Investment Service, with bonds rated BAA/BBB not to exceed five  
764 percent (5%) of the book value of the total fixed income  
765 investments; or corporate short-term obligations of corporations  
766 or of wholly-owned subsidiaries of corporations, whose short-term  
767 obligations are rated A-3 or better by Standard and Poor's or  
768 rated P-3 or better by Moody's Investment Service;

769 (e) Bonds of the Tennessee Valley Authority;

770 (f) Bonds, notes, certificates and other valid  
771 obligations of the United States, and other valid obligations of  
772 any federal instrumentality that issues securities under authority  
773 of an act of Congress and are exempt from registration with the  
774 Securities and Exchange Commission;

775 (g) Bonds, notes, debentures and other securities  
776 issued by any federal instrumentality and fully guaranteed by the  
777 United States;

778 (h) Interest-bearing bonds or notes which are general  
779 obligations of any other state in the United States or of any city  
780 or county therein, provided such city or county had a population  
781 as shown by the federal census next preceding such investment of  
782 not less than twenty-five thousand (25,000) inhabitants and  
783 provided that such state, city or county has not defaulted for a  
784 period longer than thirty (30) days in the payment of principal or  
785 interest on any of its general obligation indebtedness during a  
786 period of ten (10) calendar years immediately preceding such  
787 investment;

788 (i) Shares of stocks, common and/or preferred, of  
789 corporations created by or existing under the laws of the United  
790 States or any state, district or territory thereof; provided

791 (i) The maximum investments in stocks shall not  
792 exceed fifty percent (50%) of the book value of the total  
793 investment fund of the system;

794 (ii) The stock of such corporation shall:

795 A. Be listed on a national stock exchange; or

796                   B. Be traded in the over-the-counter market,  
797 provided price quotations for such over-the-counter stocks are  
798 quoted by the National Association of Securities Dealers Automated  
799 Quotation System (NASDAQ);

800                   (iii) The outstanding shares of such corporation  
801 shall have a total market value of not less than Fifty Million  
802 Dollars (\$50,000,000.00);

803                   (iv) The amount of investment in any one (1)  
804 corporation shall not exceed three percent (3%) of the book value  
805 of the assets of the system; and

806                   (v) The shares of any one (1) corporation owned by  
807 the system shall not exceed five percent (5%) of that  
808 corporation's outstanding stock;

809                   (j) Bonds rated Single A or better, stocks and  
810 convertible securities of established non-United States companies,  
811 which companies are listed on only primary national stock  
812 exchanges of foreign nations; and in foreign government securities  
813 rated Single A or better by a recognized rating agency; provided  
814 that the total book value of investments under this paragraph  
815 shall at no time exceed thirty percent (30%) of the total book  
816 value of all investments of the system. The board may take  
817 requisite action to effectuate or hedge such transactions through  
818 foreign banks, including the purchase and sale, transfer,  
819 exchange, or otherwise disposal of, and generally deal in foreign  
820 exchange through the use of foreign currency, interbank forward  
821 contracts, futures contracts, options contracts, swaps and other  
822 related derivative instruments, notwithstanding any other  
823 provisions of this article to the contrary;

824                   (k) Covered call and put options on securities traded  
825 on one or more of the regulated exchanges;

826                   (l) Pooled or commingled funds managed by a corporate  
827 trustee or by a Securities and Exchange Commission registered  
828 investment advisory firm retained as an investment manager by the



829 board of trustees, and shares of investment companies and unit  
830 investment trusts registered under the Investment Company Act of  
831 1940, where such pooled or commingled funds or shares are  
832 comprised of common or preferred stocks, bonds, money market  
833 instruments or other investments authorized under this section.  
834 Such investment in commingled funds or shares shall be held in  
835 trust; provided that the total book value of investments under  
836 this paragraph shall at no time exceed five percent (5%) of the  
837 total book value of all investments of the system. Any investment  
838 manager approved by the board of trustees shall invest such  
839 commingled funds or shares as a fiduciary;

840 (m) Pooled or commingled real estate funds or real  
841 estate securities managed by a corporate trustee or by a  
842 Securities and Exchange Commission registered investment advisory  
843 firm retained as an investment manager by the board of trustees.  
844 Such investment in commingled funds or shares shall be held in  
845 trust; provided that the total book value of investments under  
846 this paragraph shall at no time exceed five percent (5%) of the  
847 total book value of all investments of the system. Any investment  
848 manager approved by the board of trustees shall invest such  
849 commingled funds or shares as a fiduciary. The five percent (5%)  
850 limitation in this subsection shall not be subject to the five  
851 percent (5%) limitation in paragraph (1) of this paragraph.

852 (2) All investments shall be acquired by the board at prices  
853 not exceeding the prevailing market values for such securities.

854 (3) Any limitations herein set forth shall be applicable  
855 only at the time of purchase and shall not require the liquidation  
856 of any investment at any time. All investments shall be clearly  
857 marked to indicate ownership by the system and to the extent  
858 possible shall be registered in the name of the system.

859 (4) Subject to the above terms, conditions, limitations and  
860 restrictions, the board shall have power to sell, assign, transfer  
861 and dispose of any of the securities and investments of the

862 system, provided that said sale, assignment or transfer has the  
863 majority approval of the entire board. The board may employ or  
864 contract with investment managers, evaluation services or other  
865 such services as determined by the board to be necessary for the  
866 effective and efficient operation of the system.

867 (5) Except as otherwise provided herein, no trustee and no  
868 employee of the board shall have any direct or indirect interest  
869 in the income, gains or profits of any investment made by the  
870 board, nor shall any such person receive any pay or emolument for  
871 his services in connection with any investment made by the board.

872 No trustee or employee of the board shall become an endorser or  
873 surety, or in any manner an obligor for money loaned by or  
874 borrowed from the system.

875 (6) All interest derived from investments and any gains from  
876 the sale or exchange of investments shall be credited by the board  
877 to the account of the system.

878 (7) The board of trustees annually shall credit regular  
879 interest on the mean amount for the preceding year in each of the  
880 reserves maintained by the board, with the exception of the  
881 expense account. This credit shall be made annually from interest  
882 and other earnings on the invested assets of the system. Any  
883 additional amount required to meet the regular interest on the  
884 funds of the system shall be charged to the employer's  
885 accumulation account, and any excess of earnings over such regular  
886 interest required shall be credited to the employer's accumulation  
887 account. Regular interest shall mean such per centum rate to be  
888 compounded annually as shall be determined by the board of  
889 trustees on the basis of the interest earnings of the system for  
890 the preceding year.

891 (8) The board of trustees shall be the custodian of the  
892 funds of the system. All expense vouchers and retirement  
893 allowance payrolls shall be certified by the executive secretary  
894 who shall furnish the board a surety bond in a company authorized

895 to do business in Mississippi in such an amount as shall be  
896 required by the board, the premium to be paid by the board from  
897 the expense account.

898 (9) For the purpose of meeting disbursements for retirement  
899 allowances, annuities and other payments, cash may be kept  
900 available, not exceeding the requirements of the system for a  
901 period of ninety (90) days, on deposit in one or more banks or  
902 trust companies organized under the laws of the State of  
903 Mississippi or the laws of the United States, provided that the  
904 sum on deposit in any one (1) bank or trust company shall not  
905 exceed thirty-five percent (35%) of the paid-up capital and  
906 regular surplus of such bank or trust company.

907 (10) Except as otherwise provided, the monies or properties  
908 of the Public Employees' Retirement System of Mississippi  
909 deposited in any bank or banks of the United States shall, where  
910 possible, be safeguarded and guaranteed by the posting as security  
911 by the depository of bonds, notes and other securities purchasable  
912 by the system, as provided elsewhere in this section. The bonds,  
913 notes and other securities offered as security shall be posted to  
914 the credit of the system by the depository with the board or with  
915 an unaffiliated bank or trust company domiciled within the United  
916 States or the State of Mississippi acceptable to both the board  
917 and to the fiscal agent bank. In the event the board and the  
918 fiscal agent bank cannot reach an agreement, the bonds, notes and  
919 other securities shall be deposited in a bank or trust company  
920 designated by the State Commissioner of Banking and Consumer  
921 Finance. Provided, however, that bonds or notes of the United  
922 States government owned by the system may be deposited for  
923 safekeeping in any federal reserve bank.

924 (11) The board of trustees shall determine the degree of  
925 collateralization necessary for both foreign and domestic demand  
926 deposit accounts in addition to that which is guaranteed by the  
927 Federal Deposit Insurance Corporation or such other federal

928 insurance program as may be in effect.

929 (12) The board, the executive secretary and employees shall  
930 discharge their duties with respect to the investments of the  
931 system solely for the interest of the system with the care, skill,  
932 prudence and diligence under the circumstances then prevailing  
933 that a prudent person acting in a like capacity and familiar with  
934 such matters would use in the conduct of an enterprise of a like  
935 character and with like aims, including diversifying the  
936 investments of the system so as to minimize the risk of large  
937 losses, unless under the circumstances it is clearly prudent not  
938 to do so.

939 SECTION 9. Section 25-11-131, Mississippi Code of 1972, is  
940 amended as follows:[CR4]

941 25-11-131. (1) Any person or corporation who shall receive  
942 and retain any payment, after the death of a member or after the  
943 death of the beneficiary of any member, which amount is not  
944 lawfully due, shall be liable for the repayment of such amount to  
945 the retirement system plus interest thereon at ten percent (10%)  
946 per annum plus all costs of collection. Any person who shall  
947 knowingly make any false statement or shall falsify or permit to  
948 be falsified any record or records of this retirement system in  
949 any attempt to defraud such system as a result of such act shall  
950 be guilty of a misdemeanor if the amount obtained or attempted to  
951 be obtained does not exceed the amount of Five Hundred Dollars  
952 (\$500.00), and, on conviction thereof by any court of competent  
953 jurisdiction, shall be punished by a fine not exceeding Five  
954 Hundred Dollars (\$500.00) or imprisonment in the county jail not  
955 exceeding six (6) months, or both; if such amount obtained or  
956 attempted to be obtained shall exceed the sum of Five Hundred  
957 Dollars (\$500.00), such person or persons shall be guilty of a  
958 felony and, on conviction thereof by any court of competent  
959 jurisdiction, shall be punished by a fine not exceeding Ten  
960 Thousand Dollars (\$10,000.00) or by imprisonment in the State

961 Penitentiary not exceeding five (5) years, or both.

962       (2) Should any change or error in the records result in any  
963 member or beneficiary receiving from the retirement system more or  
964 less than he would have been entitled to receive had the records  
965 been correct, the board of trustees shall correct such error upon  
966 detection, regardless of the length of time between the reporting  
967 error or the time payment started and the time the board became  
968 aware of the error, and, as far as practicable, adjust the payment  
969 in such a manner that the actuarial equivalent of the benefit to  
970 which such member or beneficiary was correctly entitled shall be  
971 paid. This responsibility is, and has been, the duty of the board  
972 since the creation of the retirement system.

973       SECTION 10. Section 25-11-139, Mississippi Code of 1972, is  
974 amended as follows:[CR5]

975       25-11-139. Any retirement allowance or other annuity or  
976 benefit provided by Articles 1 and 3 shall be paid in equal  
977 monthly installments for life and shall not be increased,  
978 decreased, revoked or repealed, except for error upon detection,  
979 regardless of the length of time between the reporting error or  
980 the time payment started and the time the board became aware of  
981 the error, or except where specifically otherwise provided by said  
982 articles. This responsibility is, and has been, the duty of the  
983 board since the creation of the retirement system.

984       Pursuant to Section 25-11-111, Mississippi Code of 1972, it  
985 is and has been the sole responsibility of the member or  
986 beneficiary thereof to apply for benefits and no benefits shall be  
987 paid for any period prior to the first of the month following the  
988 receipt of such application for such benefits, but in no event  
989 prior to termination of employment, except as authorized in  
990 Section 25-11-114.

991       SECTION 11. Section 25-11-311, Mississippi Code of 1972, is  
992 amended as follows:[WAN6]

993       25-11-311. (1) A member may be paid a refund of the amount

994 of accumulated contributions to the credit of the member in the  
995 annuity savings account, provided the member has withdrawn from  
996 state service and further provided the member has not returned to  
997 state service on the date the refund of the accumulated  
998 contributions would be paid. Such refund of the contributions to  
999 the credit of the member in the annuity savings account shall be  
1000 paid within ninety (90) days from receipt in the office of the  
1001 retirement system of the properly completed form requesting such  
1002 payment. In the event of death prior to retirement of any member  
1003 whose spouse and/or children are not entitled to a retirement  
1004 allowance, the accumulated contributions to the credit of the  
1005 deceased member in the annuity savings account shall be paid to  
1006 the designated beneficiary on file in writing in the office of  
1007 executive secretary of the board of trustees within ninety (90)  
1008 days from receipt of a properly completed form requesting such  
1009 payment. If there is no such designated beneficiary on file for  
1010 such deceased member in the office of the system, upon the filing  
1011 of a proper request with the board, the contributions to the  
1012 credit of the deceased member in the annuity savings account shall  
1013 be refunded pursuant to Section 25-11-311.1(1). The payment of  
1014 the refund shall discharge all obligations of the retirement  
1015 system to the member on account of any creditable service rendered  
1016 by the member prior to the receipt of the refund. By the  
1017 acceptance of the refund, the member shall waive and relinquish  
1018 all accrued rights in the plan.

1019 (2) Pursuant to the Unemployment Compensation Amendments of  
1020 1992 (Public Law 102-318 (UCA)), a member or eligible beneficiary  
1021 making application for a refund under this section may elect, on a  
1022 form prescribed by the board under rules and regulations  
1023 established by the board, to have an eligible rollover  
1024 distribution of accumulated contributions payable under this  
1025 section paid directly to an eligible retirement plan or individual  
1026 retirement account. If the member or eligible beneficiary makes

1027 such election and specifies the eligible retirement plan or  
1028 individual retirement account to which such distribution is to be  
1029 paid, the distribution will be made in the form of a direct  
1030 trustee-to-trustee transfer to the specified eligible retirement  
1031 plan. Flexible rollovers under this subsection shall not be  
1032 considered assignments under Section 25-11-129.

1033       (3) If any person who has received a refund is reelected to  
1034 the Legislature or as President of the Senate and again becomes a  
1035 member of the plan \* \* \*, the member may repay all or part of the  
1036 amounts previously received as a refund, together with regular  
1037 interest covering the period from the date of refund to the date  
1038 of repayment; however, the amounts that are repaid by the member  
1039 and the creditable service related thereto shall not be used in  
1040 any benefit calculation or determination until the member has  
1041 remained a contributor to the system for a period of at least four  
1042 (4) years subsequent to such member's reentry into state service.  
1043 Repayment for such time shall be made in increments of not less  
1044 than one-quarter (1/4) year of creditable service beginning with  
1045 the most recent service for which refund has been made. Upon the  
1046 repayment of all or part of such refund and interest, the member  
1047 shall again receive credit for the \* \* \* period of creditable  
1048 service for which full repayment has been made to the system.

1049       SECTION 12. Section 25-11-112, Mississippi Code of 1972, is  
1050 amended as follows:[WAN7]

1051       25-11-112. (1) Any member who is receiving a retirement  
1052 allowance for service or disability retirement, or any beneficiary  
1053 thereof, who has received a monthly benefit for at least one (1)  
1054 full fiscal year, shall be eligible to receive an additional  
1055 benefit, on December 1 or July 1 of the year as provided in  
1056 subsection (3) of this section, equal to the greater of the  
1057 amounts calculated under paragraph (a) or (b) below:

1058       (a) An amount equal to four percent (4%) of the annual  
1059 retirement allowance multiplied by the number of full fiscal years

1060 in retirement through June 30, 1998; or

1061 (b) The sum of:

1062 (i) An amount equal to three percent (3%) of the  
1063 annual retirement allowance multiplied by the number of full  
1064 fiscal years in retirement before the end of the fiscal year in  
1065 which the member reaches age fifty-five (55), plus

1066 (ii) An additional amount equal to three percent  
1067 (3%) compounded by the number of full fiscal years in retirement  
1068 beginning with the fiscal year in which the member reaches age  
1069 fifty-five (55), multiplied by the amount of the annual retirement  
1070 allowance.

1071 (2) The calculation of the beneficiary's additional benefit  
1072 under subsection (1)(b)(i) or (1)(b)(ii) of this section shall be  
1073 based on the member's age and full fiscal years in retirement as  
1074 if the member had lived.

1075 (3) The additional benefit provided for under this section  
1076 shall be paid in one (1) payment in December of each year to those  
1077 persons who are receiving a retirement allowance on December 1 of  
1078 that year, unless an election is made under this subsection.

1079 However, if a retiree who is receiving a retirement allowance that  
1080 will terminate upon the retiree's death is receiving the  
1081 additional benefit in one (1) payment and dies on or after July 1  
1082 but before December 1, the beneficiary designated on the  
1083 retirement application, if any, shall receive in a single payment  
1084 a fractional part of the additional benefit based on the number of  
1085 months in which a retirement allowance was received during the  
1086 fiscal year. Likewise, if a retiree is receiving a retirement  
1087 allowance that will terminate upon his or her death in two (2) to  
1088 six (6) monthly installments, any remaining payments of the  
1089 additional benefit will be paid in a lump sum to the beneficiary  
1090 designated on the application, or if none, pursuant to Section  
1091 25-11-117.1(1). Any similar remaining payments of additional  
1092 benefits payable under this section to a deceased beneficiary who



1093 was receiving a monthly benefit shall be payable in accordance  
1094 with the provisions of Section 25-11-117.1(2).

1095 Retired members or beneficiaries thereof who on July 1, 1999,  
1096 or July 1 of any fiscal year thereafter, are receiving a  
1097 retirement allowance, may elect by an irrevocable agreement in  
1098 writing filed in the Office of the Public Employees' Retirement  
1099 System no less than thirty (30) days before July 1 of the  
1100 appropriate year, to begin receiving the additional benefit  
1101 provided for under this section in twelve (12) equal monthly  
1102 installments beginning July 1, 1999, or July 1 of any fiscal year  
1103 thereafter. This irrevocable agreement shall be binding on the  
1104 member and subsequent beneficiaries. Payment of those monthly  
1105 installments shall not extend beyond the month in which a  
1106 retirement allowance is due and payable.

1107 (4) The additional payment or payments provided for under  
1108 this section are for the fiscal year in which they are paid.

1109 (5) The amount provided for under subsection (1)(b)(ii) of  
1110 this section is calculated using the following formula:

1111  $[(1.03)^n - 1] \times [\text{annual retirement allowance}]$ ,

1112 where  $n$  is the number of full fiscal years in retirement beginning  
1113 with the fiscal year in which the member reaches age fifty-five  
1114 (55).

1115 (6) Any retired member or beneficiary thereof who has  
1116 previously elected to receive the additional annual payment in  
1117 monthly installments may elect, upon application on a form  
1118 prescribed by the board of trustees, to have that payment made in  
1119 one (1) additional payment each year. This written election must  
1120 be filed in the Office of the Public Employees' Retirement System  
1121 before June 1, 2000, and shall be effective for the fiscal year  
1122 beginning July 1, 2000.

1123 (7) In the event of death of a retired member or a  
1124 beneficiary thereof who is receiving the additional annual payment  
1125 in two (2) to six (6) monthly installments pursuant to an election

1126 made before July 1, 1999, and who would otherwise be eligible to  
1127 receive the additional benefit provided for under this section in  
1128 one (1) payment in December of the current fiscal year, any  
1129 remaining amounts shall be paid in a lump sum to the designated  
1130 beneficiary.

1131 SECTION 13. Section 25-11-114, Mississippi Code of 1972, is  
1132 amended as follows:[WAN8]

1133 25-11-114. (1) The applicable benefits provided in  
1134 subsections (2) and (3) of this section shall be paid to eligible  
1135 beneficiaries of any member who has completed four (4) or more  
1136 years of creditable service and who dies before retirement and who  
1137 has not filed a Pre-Retirement Optional Retirement Form as  
1138 provided in Section 25-11-111.

1139 (2) (a) The member's surviving spouse who has been married  
1140 to the member for not less than one (1) year immediately preceding  
1141 his death shall receive an annuity computed in accordance with  
1142 paragraph (d) of this subsection (2) as if the member:

1143 (i) Had retired on the date of his death with  
1144 entitlement to an annuity provided for in Section 25-11-111,  
1145 notwithstanding that he might not have attained age sixty (60) or  
1146 acquired twenty-five (25) years of creditable service;

1147 (ii) Had nominated his spouse as beneficiary; and

1148 (b) If, at the time of the member's death, there are no  
1149 dependent children, and the surviving spouse, who otherwise would  
1150 receive the annuity under this subsection (2), has filed with the  
1151 system a signed written waiver of his or her rights to the annuity  
1152 and that waiver was in effect at the time of the member's death, a  
1153 lump sum distribution of the deceased member's accumulated  
1154 contributions shall be refunded in accordance with Section  
1155 25-11-117.

1156 (c) The spouse annuity shall begin on the first day of  
1157 the month following the date of the member's death, but in case of  
1158 late filing, retroactive payments will be made for a period of not

1159 more than one (1) year.

1160           (d) The spouse annuity shall be the greater of twenty  
1161 percent (20%) of the deceased member's average compensation as  
1162 defined in Section 25-11-103 at the time of death or Fifty Dollars  
1163 (\$50.00) monthly. If the spouse dies or if the spouse remarries  
1164 before age sixty (60), the spouse annuity shall terminate.

1165           (e) However, the spouse may elect by an irrevocable  
1166 agreement on a form prescribed by the board of trustees to receive  
1167 a monthly allowance as computed under either paragraph (d) or this  
1168 paragraph. Such irrevocable agreement shall constitute a waiver  
1169 by the spouse to any current and future monthly allowance under  
1170 the paragraph not elected and such waiver shall be a complete and  
1171 full discharge of all obligations of the retirement system under  
1172 such paragraph.

1173           Any member who has completed four (4) or more years of  
1174 creditable service and who dies before retirement and leaves a  
1175 spouse who has been married to the member for not less than one  
1176 (1) year immediately preceding his death and has not exercised any  
1177 other option shall be deemed to have exercised Option 2 under  
1178 Section 25-11-115 for the benefit of his spouse, which spouse  
1179 shall be paid Option 2 settlement benefits under this article  
1180 beginning on the first of the month following the date of death,  
1181 but in case of late filing, retroactive payments will be made for  
1182 a period of not more than one (1) year. The method of calculating  
1183 such retirement benefits shall be on the same basis as provided in  
1184 Section 25-11-111(d). However, if the member dies before being  
1185 qualified for full unreduced benefits, then the benefits shall be  
1186 reduced by three percent (3%) per year for the lesser of either  
1187 the years of service or age required for full unreduced benefits  
1188 in Section 25-11-111(d).

1189           (3) (a) Subject to the maximum limitation provided in this  
1190 paragraph, the member's dependent children each shall receive an  
1191 annuity of the greater of ten percent (10%) of the member's

1192 average compensation as defined in Section 25-11-103 at the time  
1193 of the death of the member or Fifty Dollars (\$50.00) monthly;  
1194 however, if there are more than three (3) dependent children, each  
1195 dependent child shall receive an equal share of a total annuity  
1196 equal to thirty percent (30%) of the member's average  
1197 compensation, provided that such total annuity shall not be less  
1198 than One Hundred Fifty Dollars (\$150.00) per month for all  
1199 children.

1200           (b) A child shall be considered to be a dependent child  
1201 until marriage, or the attainment of age nineteen (19), whichever  
1202 comes first; however, this age limitation shall be extended beyond  
1203 age nineteen (19), but in no event beyond the attainment of age  
1204 twenty-three (23), as long as the child is a student regularly  
1205 pursuing a full-time course of resident study or training in an  
1206 accredited high school, trade school, technical or vocational  
1207 institute, junior or community college, college, university or  
1208 comparable recognized educational institution duly licensed by a  
1209 state. A student child whose birthday falls during the school  
1210 year (September 1 through June 30) is considered not to reach age  
1211 twenty-three (23) until the July 1 following the actual  
1212 twenty-third birthday. A full-time course of resident study or  
1213 training means a day or evening noncorrespondence course that  
1214 includes school attendance at the rate of at least thirty-six (36)  
1215 weeks per academic year or other applicable period with a subject  
1216 load sufficient, if successfully completed, to attain the  
1217 educational or training objective within the period generally  
1218 accepted as minimum for completion, by a full-time day student, of  
1219 the academic or training program concerned. Any child who is  
1220 physically or mentally incompetent, as adjudged by either a  
1221 Mississippi court of competent jurisdiction or by the board, shall  
1222 receive benefits for as long as the incompetency exists.

1223           (c) If there are more than three (3) dependent  
1224 children, upon a child's ceasing to be a dependent child, his

1225 annuity shall terminate and there shall be a redetermination of  
1226 the amounts payable to any remaining dependent children.

1227           (d) Annuities payable under this subsection (3) shall  
1228 begin the first day of the month following the date of the  
1229 member's death or in case of late filing, retroactive payments  
1230 will be made for a period of not more than one (1) year. Such  
1231 benefits may be paid to a surviving parent or the lawful custodian  
1232 of a dependent child for the use and benefit of such child without  
1233 the necessity of appointment as guardian.

1234           (4) (a) Death benefits in the line of duty. Regardless of  
1235 the number of years of the member's creditable service, the spouse  
1236 and/or the dependent children of an active member who is killed in  
1237 the line of performance of duty or dies as a direct result of an  
1238 accident occurring in the line of performance of duty shall  
1239 qualify, on approval of the board, for a retirement allowance on  
1240 the first of the month following the date of death, but in the  
1241 case of late filing, retroactive payments will be made for a  
1242 period of not more than one (1) year. The spouse shall receive a  
1243 retirement allowance equal to one-half (1/2) of the average  
1244 compensation as defined in Section 25-11-103. In addition to the  
1245 retirement allowance for the spouse, or if there is no surviving  
1246 spouse, the member's dependent child shall receive a retirement  
1247 allowance in the amount of one-fourth (1/4) of the member's  
1248 average compensation as defined in Section 25-11-103; however, if  
1249 there are two (2) or more dependent children, each dependent child  
1250 shall receive an equal share of a total annuity equal to one-half  
1251 (1/2) of the member's average compensation. If there are more  
1252 than two (2) dependent children, upon a child's ceasing to be a  
1253 dependent child, his annuity shall terminate and there shall be a  
1254 redetermination of the amounts payable to any remaining dependent  
1255 children. Such benefits shall cease to be paid for the support  
1256 and maintenance of each child upon such child attaining the age of  
1257 nineteen (19) years; however, the spouse shall continue to be

1258 eligible for the aforesaid retirement allowance. Such benefits  
1259 may be paid to a surviving parent or lawful custodian of such  
1260 children for the use and benefit of the children without the  
1261 necessity of appointment as guardian. Such retirement allowance  
1262 shall cease to the spouse upon remarriage but continue to be  
1263 payable for each dependent child until the age of nineteen (19)  
1264 years.

1265 (b) A child shall be considered to be a dependent child  
1266 until marriage, or the attainment of age nineteen (19), whichever  
1267 comes first; however, this age limitation shall be extended beyond  
1268 age nineteen (19), but in no event beyond the attainment of age  
1269 twenty-three (23), as long as the child is a student regularly  
1270 pursuing a full-time course of resident study or training in an  
1271 accredited high school, trade school, technical or vocational  
1272 institute, junior or community college, college, university or  
1273 comparable recognized educational institution duly licensed by a  
1274 state. A student child whose birthday falls during the school  
1275 year (September 1 through June 30) is considered not to reach age  
1276 twenty-three (23) until the July 1 following the actual  
1277 twenty-third birthday. A full-time course of resident study or  
1278 training means a day or evening noncorrespondence course that  
1279 includes school attendance at the rate of at least thirty-six (36)  
1280 weeks per academic year or other applicable period with a subject  
1281 load sufficient, if successfully completed, to attain the  
1282 educational or training objective within the period generally  
1283 accepted as minimum for completion, by a full-time day student, of  
1284 the academic or training program concerned. Any child who is  
1285 physically or mentally incompetent, as adjudged by either a  
1286 Mississippi court of competent jurisdiction or by the board, shall  
1287 receive benefits for as long as the incompetency exists.

1288 (5) If all the annuities provided for in this section  
1289 payable on account of the death of a member terminate before there  
1290 has been paid an aggregate amount equal to the member's

1291 accumulated contributions standing to the member's credit in the  
1292 annuity savings account at the time of the member's death, the  
1293 difference between the accumulated contributions and the aggregate  
1294 amount of annuity payments shall be paid to such person as the  
1295 member has nominated by written designation duly executed and  
1296 filed with the board. If there is no designated beneficiary  
1297 surviving at termination of benefits, the difference shall be  
1298 payable pursuant to Section 25-11-117.1(1).

1299 (6) Regardless of the number of years of creditable service  
1300 upon the application of a member or employer, any active member  
1301 who becomes disabled as a direct result of an accident or  
1302 traumatic event resulting in a physical injury occurring in the  
1303 line of performance of duty, provided the medical board or other  
1304 designated governmental agency after a medical examination  
1305 certifies that the member is mentally or physically incapacitated  
1306 for the further performance of duty and such incapacity is likely  
1307 to be permanent, may be retired by the board of trustees on the  
1308 first of the month following the date of filing such application  
1309 but in no event shall the retirement allowance commence before the  
1310 termination of state service. The retirement allowance shall  
1311 equal the allowance on disability retirement as provided in  
1312 Section 25-11-113 but shall not be less than fifty percent (50%)  
1313 of average compensation.

1314 Permanent and total disability resulting from a  
1315 cardiovascular, pulmonary or musculo-skeletal condition which was  
1316 not a direct result of a traumatic event occurring in the  
1317 performance of duty shall be deemed an ordinary disability. A  
1318 mental disability based exclusively on employment duties occurring  
1319 on an ongoing basis shall be deemed an ordinary disability.

1320 (7) In the event the deceased or disabled member has less  
1321 than four (4) years of creditable service, the average  
1322 compensation as defined in Section 25-11-103 shall be the average  
1323 of all annual earned compensation in state service for the

1324 purposes of benefits provided in this section.

1325 (8) In case of death or total and permanent disability under  
1326 subsection (4) or subsection (6) of this section and before the  
1327 board shall consider any application for a retirement allowance,  
1328 the employer must certify to the board that the member's death or  
1329 disability was a direct result of an accident or a traumatic event  
1330 occurring during and as a result of the performance of the regular  
1331 and assigned duties of the employee and that the death or  
1332 disability was not the result of the willful negligence of the  
1333 employee.

1334 (9) The application for such retirement allowance must be  
1335 filed within one (1) year after death of an active member who is  
1336 killed in the line of performance of duty or dies as a direct  
1337 result of an accident occurring in the line of performance of duty  
1338 or traumatic event; but the board of trustees may consider an  
1339 application for disability filed after the one-year period if it  
1340 can be factually demonstrated to the satisfaction of the board of  
1341 trustees that the disability is due to the accident and that the  
1342 filing was not accomplished within the one-year period due to a  
1343 delayed manifestation of the disability or to circumstances beyond  
1344 the control of the member. However, in case of late filing,  
1345 retroactive payments will be made for a period of not more than  
1346 one (1) year only.

1347 (10) Notwithstanding any other section of this article and  
1348 in lieu of any payments to a designated beneficiary for a refund  
1349 of contributions under Section 25-11-117, the spouse and/or  
1350 children shall be eligible for the benefits payable pursuant to  
1351 this section, and the spouse may elect, for both the spouse and/or  
1352 children, to receive benefits in accordance with either  
1353 subsections (2) and (3) or subsection (4) of this section;  
1354 otherwise, the contributions to the credit of the deceased member  
1355 shall be refunded in accordance with Section 25-11-117.

1356 (11) If the member has previously received benefits from the



1357 system to which he was not entitled and has not repaid in full all  
1358 amounts payable by him to the system, the annuity amounts  
1359 otherwise provided by this section shall be withheld and used to  
1360 effect repayment until the total of the withholdings repays in  
1361 full all amounts payable by him to the system.

1362 SECTION 14. Section 25-11-115, Mississippi Code of 1972, is  
1363 amended as follows:[WAN9]

1364 25-11-115. (1) Upon application for superannuation or  
1365 disability retirement, any member may elect to receive his benefit  
1366 in a retirement allowance payable throughout life with no further  
1367 payments to anyone at his death, except that in the event his  
1368 total retirement payments under this article do not equal his  
1369 total contributions under this article, his named beneficiary  
1370 shall receive the difference in cash at his death. Or he may  
1371 elect upon retirement, or upon becoming eligible for retirement,  
1372 to receive the actuarial equivalent subject to the provisions of  
1373 subsection (3) of this section of his retirement allowance in a  
1374 reduced retirement allowance payable throughout life with the  
1375 provision that:

1376 **Option 1.** If he dies before he has received in annuity  
1377 payment the value of the member's annuity savings account as it  
1378 was at the time of his retirement, the balance shall be paid to  
1379 his legal representative or to such person as he shall nominate by  
1380 written designation duly acknowledged and filed with the board; or

1381 **Option 2.** Upon his death, his reduced retirement allowance  
1382 shall be continued throughout the life of, and paid to, such  
1383 person as he has nominated by written designation duly  
1384 acknowledged and filed with the board of trustees at the time of  
1385 his retirement;

1386 **Option 3.** Upon his death, one-half (1/2) of his reduced  
1387 retirement allowance shall be continued throughout the life of,  
1388 and paid to, such person as he shall have nominated by written  
1389 designation duly acknowledged and filed with the board of trustees

1390 at the time of his retirement, and the other one-half (1/2) of his  
1391 reduced retirement allowance to some other designated beneficiary;

1392 **Option 4-A.** Upon his death, one-half (1/2) of his reduced  
1393 retirement allowance, or such other specified amount, shall be  
1394 continued throughout the life of, and paid to, such person as he  
1395 shall have nominated by written designation duly acknowledged and  
1396 filed with the board of trustees at the time of his retirement; or

1397 **Option 4-B.** A reduced retirement allowance shall be  
1398 continued throughout the life of the retirant, but with the  
1399 further guarantee of payments to the named beneficiary,  
1400 beneficiaries or to the estate for a specified number of years  
1401 certain. If the retired member or the last designated beneficiary  
1402 receiving annuity payments dies prior to receiving all guaranteed  
1403 payments due, the actuarial equivalent of the remaining payments  
1404 shall be paid pursuant to Section 25-11-117.1(1);

1405 **Option 4-C.** Such retirement allowance otherwise payable may  
1406 be converted into a retirement allowance of equivalent actuarial  
1407 value in such an amount that, with the member's benefit under  
1408 Title II of the federal Social Security Act, the member will  
1409 receive, so far as possible, approximately the same amount  
1410 annually before and after the earliest age at which the member  
1411 becomes eligible to receive a social security benefit.

1412 **Option 6.** Any member who has at least twenty-eight (28)  
1413 years of creditable service at the time of retirement or who is at  
1414 least sixty-three (63) years of age and eligible to retire, may  
1415 select the maximum retirement benefit or an optional benefit as  
1416 provided in this subsection together with a partial lump sum  
1417 distribution. The amount of the lump sum distribution under this  
1418 option shall be equal to the maximum monthly benefit multiplied by  
1419 twelve (12), twenty-four (24) or thirty-six (36) as selected by  
1420 the member. The maximum retirement benefit shall be actuarially  
1421 reduced to reflect the amount of the lump sum distribution  
1422 selected and further reduced for any other optional benefit

1423 selected. The annuity and lump sum distribution shall be computed  
1424 to result in no actuarial loss to the system. The lump sum  
1425 distribution shall be made as a single payment payable at the time  
1426 the first monthly annuity payment is paid to the retiree. The  
1427 amount of the lump sum distribution shall be deducted from the  
1428 member's annuity savings account in computing what contributions  
1429 remain at the death of the retiree and/or a beneficiary. The lump  
1430 sum distribution option may be elected only once by a member upon  
1431 initial retirement, and may not be elected by a retiree, by  
1432 members applying for a disability retirement annuity, by survivors  
1433 or by a member selecting Option 4-C.

1434 (2) No change in the option selected shall be permitted  
1435 after the member's death or after the member has received his  
1436 first retirement check except as provided in subsections (3) and  
1437 (4) of this section and in Section 25-11-127. However, any  
1438 retired member who is receiving a retirement allowance under  
1439 Option 2 or Option 4-A upon July 1, 1992, and whose designated  
1440 beneficiary predeceased him or whose marriage to a spouse who is  
1441 his designated beneficiary is terminated by divorce or other  
1442 dissolution, upon written notification to the retirement system of  
1443 the death of the designated beneficiary or of the termination of  
1444 his marriage to his designated beneficiary, the retirement  
1445 allowance payable to the member after receipt of such notification  
1446 by the retirement system shall be equal to the retirement  
1447 allowance which would have been payable had the member not elected  
1448 the option. In addition, any retired member who is receiving the  
1449 maximum retirement allowance for life, a retirement allowance  
1450 under Option 1 or who is receiving a retirement allowance under  
1451 Option 2 or Option 4-A on July 1, 1992, may elect to provide  
1452 survivor benefits under Option 2 or Option 4-A to a spouse who was  
1453 not previously the member's beneficiary and whom the member  
1454 married before July 1, 1992.

1455 (3) Any retired member who is receiving a reduced retirement

1456 allowance under Option 2 or Option 4-A whose designated  
1457 beneficiary predeceases him, or whose marriage to a spouse who is  
1458 his designated beneficiary is terminated by divorce or other  
1459 dissolution, may elect to cancel his reduced retirement allowance  
1460 and receive the maximum retirement allowance for life in an amount  
1461 equal to the amount that would have been payable if the member had  
1462 not elected Option 2 or Option 4-A. Such election must be made in  
1463 writing to the office of the executive director of the system on a  
1464 form prescribed by the board. Any such election shall be  
1465 effective the first of the month following the date the election  
1466 is received by the system.

1467 (4) Any retired member who is receiving the maximum  
1468 retirement allowance for life, or a retirement allowance under  
1469 Option 1, and who marries after his retirement may elect to cancel  
1470 his maximum retirement allowance and receive a reduced retirement  
1471 allowance under Option 2 or Option 4-A to provide continuing  
1472 lifetime benefits to his spouse. Such election must be made in  
1473 writing to the office of the executive director of the system on a  
1474 form prescribed by the board not earlier than the date of the  
1475 marriage. Any such election shall be effective the first of the  
1476 month following the date the election is received by the system.  
1477 The amount of the reduced retirement allowance shall be the  
1478 actuarial equivalent, taking into account that the member received  
1479 the maximum retirement allowance for a period of time before  
1480 electing to receive a reduced retirement allowance.

1481 (5) In the event the election of an optional benefit is made  
1482 after the member has attained the age of sixty-five (65) years,  
1483 the actuarial equivalent factor shall be used to compute the  
1484 reduced retirement allowance as if the election had been made on  
1485 his sixty-fifth birthday. However, if a retiree marries or  
1486 remarries after retirement and elects either Option 2 or Option  
1487 4-A as provided in subsection (2) or (4) of this section, the  
1488 actuarial equivalent factor used to compute the reduced retirement

1489 allowance shall be the factor for the age of the retiree and his  
1490 or her beneficiary at the time such election for recalculation of  
1491 benefits is made.

1492 (6) Notwithstanding any provision of Section 25-11-1 et  
1493 seq., no payments may be made for a retirement allowance on a  
1494 monthly basis for a period of time in excess of that allowed by  
1495 federal law.

1496 (7) If a retirant and his eligible beneficiary, if any, both  
1497 die before they have received in annuity payments a total amount  
1498 equal to the accumulated contributions standing to the retirant's  
1499 credit in the annuity savings account at the time of his  
1500 retirement, the difference between the accumulated contributions  
1501 and the total amount of annuities received by them shall be paid  
1502 to such persons as the retirant has nominated by written  
1503 designation duly executed and filed in the office of the executive  
1504 director. If no designated person survives the retirant and his  
1505 beneficiary, the difference, if any, shall be paid pursuant to  
1506 Section 25-11-117.1(1).

1507 (8) Any retired member who retired on Option 2(5) or 4-A(5)  
1508 prior to July 1, 1992, who is still receiving a retirement  
1509 allowance on July 1, 1994, shall receive an increase in the annual  
1510 retirement allowance effective July 1, 1994, equal to the amount  
1511 they would have received under Option 2 or Option 4-A without a  
1512 reduction for Option 5 based on the ages at retirement of the  
1513 retiree and beneficiary and option factors in effect on July 1,  
1514 1992. Such increase shall be prospective only.

1515 SECTION 15. Section 25-11-117, Mississippi Code of 1972, is  
1516 amended as follows:[WAN10]

1517 25-11-117. (1) A member may be paid a refund of the amount  
1518 of accumulated contributions to the credit of the member in the  
1519 annuity savings account provided the member has withdrawn from  
1520 state service and further provided the member has not returned to  
1521 state service on the date the refund of the accumulated

1522 contributions would be paid. Such refund of the contributions to  
1523 the credit of the member in the annuity savings account shall be  
1524 paid within ninety (90) days from receipt in the office of the  
1525 retirement system of the properly completed form requesting such  
1526 payment. In the event of death prior to retirement of any member  
1527 whose spouse and/or children are not entitled to a retirement  
1528 allowance, the accumulated contributions to the credit of the  
1529 deceased member in the annuity savings account shall be paid to  
1530 the designated beneficiary on file in writing in the office of  
1531 executive director of the board of trustees within ninety (90)  
1532 days from receipt of a properly completed form requesting such  
1533 payment. If there is no such designated beneficiary on file for  
1534 such deceased member in the office of the system, upon the filing  
1535 of a proper request with the board, the contributions to the  
1536 credit of the deceased member in the annuity savings account shall  
1537 be refunded pursuant to Section 25-11-117.1(1). The payment of  
1538 the refund shall discharge all obligations of the retirement  
1539 system to the member on account of any creditable service rendered  
1540 by the member prior to the receipt of the refund. By the  
1541 acceptance of the refund, the member shall waive and relinquish  
1542 all accrued rights in the system.

1543 (2) Pursuant to the Unemployment Compensation Amendments of  
1544 1992 (Public Law 102-318 (UCA)), a member or eligible beneficiary  
1545 eligible for a refund under this section may elect on a form  
1546 prescribed by the board under rules and regulations established by  
1547 the board, to have an eligible rollover distribution of  
1548 accumulated contributions payable under this section paid directly  
1549 to an eligible retirement plan or individual retirement account.  
1550 If the member or eligible beneficiary makes such election and  
1551 specifies the eligible retirement plan or individual retirement  
1552 account to which such distribution is to be paid, the distribution  
1553 will be made in the form of a direct trustee-to-trustee transfer  
1554 to the specified eligible retirement plan. Flexible rollovers

1555 under this subsection shall not be considered assignments under  
1556 Section 25-11-129.

1557 (3) If any person who has received a refund reenters the  
1558 state service and again becomes a member of the system, the member  
1559 may repay all or part of the amounts previously received as a  
1560 refund, together with regular interest covering the period from  
1561 the date of refund to the date of repayment; provided, however,  
1562 that the amounts that are repaid by the member and the creditable  
1563 service related thereto shall not be used in any benefit  
1564 calculation or determination until the member has remained a  
1565 contributor to the system for a period of at least four (4) years  
1566 subsequent to such member's reentry into state service. Repayment  
1567 for such time shall be made in increments of not less than  
1568 one-quarter (1/4) year of creditable service beginning with the  
1569 most recent service for which refund has been made. Upon the  
1570 repayment of all or part of such refund and interest, the member  
1571 shall again receive credit for the period of creditable service  
1572 for which full repayment has been made to the system.

1573 SECTION 16. Section 25-13-12, Mississippi Code of 1972, is  
1574 amended as follows:[WAN11]

1575 25-13-12. (1) Patrol officers who have retired and who on  
1576 December 1 of each year, or July 1 of each year as provided for in  
1577 subsection (7) of this section, are receiving a retirement  
1578 allowance for service or disability retirement, or their  
1579 beneficiaries, shall receive in one (1) additional payment an  
1580 amount equal to two and one-half percent (2-1/2%) of the annual  
1581 retirement allowance for each full fiscal year of retirement.

1582 (2) Persons who on December 1 of each year are receiving a  
1583 retirement allowance for service or disability retirement, or  
1584 their beneficiaries, may receive, in addition to the amount  
1585 provided in subsection (1) of this section, a payment, as  
1586 determined by the board, calculated in increments of one-quarter  
1587 of one percent (1/4 of 1%), not to exceed one and one-half percent

1588 (1-1/2%) of the annual retirement allowance, for each full year of  
1589 retirement, provided that any such payment shall be contingent  
1590 upon the reserve for annuities in force for retired members and  
1591 beneficiaries providing sufficient investment gains in excess of  
1592 the accrued actuarial liabilities for the previous fiscal year as  
1593 certified by the actuary and determined by the board.

1594 (3) The percentages in this section shall be based on each  
1595 full fiscal year that the retired member or beneficiary has  
1596 actually drawn retirement payments from the date of  
1597 retirement \* \* \*.

1598 (4) If a retiree who is receiving a retirement allowance  
1599 that will terminate upon the retiree's death is receiving the  
1600 additional payments under subsections (1) and (2) of this section  
1601 in one (1) payment and dies on or after July 1 but before December  
1602 1, the beneficiary designated on the retirement application shall  
1603 receive in a single payment a fractional part of the additional  
1604 payments based on the number of months in which a retirement  
1605 allowance was received during the fiscal year. If there is no  
1606 surviving beneficiary, payment shall be made pursuant to Section  
1607 25-13-21.1(1). Any similar remaining payments of additional  
1608 benefit payable under this section to a deceased beneficiary who  
1609 was receiving a monthly benefit, shall be payable in accordance  
1610 with the provisions of Section 25-13-21.1(2).

1611 (5) Each retired member or beneficiary thereof who receives  
1612 an annual retirement allowance based on the average compensation  
1613 for a period of five (5) successive or joined years and who  
1614 receives a retirement allowance for the month of June, 1986, shall  
1615 receive an ad hoc increase of three percent (3%) in such  
1616 retirement allowance effective July 1, 1986.

1617 (6) Persons eligible to receive the payments provided in  
1618 subsections (1) and (2) of this section shall receive such  
1619 payments in one (1) additional payment, except that such person  
1620 may elect by an irrevocable agreement on a form prescribed by the



1621 board of trustees to receive such payments in not less than equal  
1622 monthly installments not to exceed six (6) months during the  
1623 remaining months of the current fiscal year. In the event of  
1624 death of a retiree receiving monthly benefits, any remaining  
1625 amounts shall be paid in a lump sum to the \* \* \* beneficiary  
1626 designated on the retirement application, or if none, pursuant to  
1627 Section 25-13-21.1(1). Any similar remaining payments of  
1628 additional benefit payable under this section to a deceased  
1629 beneficiary who was receiving a monthly benefit, shall be payable  
1630 in accordance with the provisions of Section 25-13-21.1(2).

1631 (7) Retired persons or beneficiaries thereof who on July 1,  
1632 1997, or July 1 of any fiscal year thereafter, are receiving a  
1633 retirement allowance, may elect by an irrevocable agreement in  
1634 writing filed in the Office of the Public Employees' Retirement  
1635 System no less than thirty (30) days before July 1 of the  
1636 appropriate year, to begin receiving the payments provided for in  
1637 subsection (1) of this section in twelve (12) equal installments  
1638 beginning July 1, 1997, or July 1 of any fiscal year thereafter.  
1639 This irrevocable agreement shall be binding on the member and  
1640 subsequent beneficiaries. The cumulative percentage provided in  
1641 subsection (1) of this section and paid in twelve (12) equal  
1642 installments for any particular year shall not be less than the  
1643 cumulative percentage provided for the previous year. However,  
1644 payment of the installments shall not extend beyond the month in  
1645 which a retirement allowance is due and payable. Any additional  
1646 amounts approved by the board under subsection (2) of this section  
1647 shall be paid in one (1) lump sum payment to retirees and  
1648 beneficiaries in accordance with subsection (2) of this section.

1649 SECTION 17. Section 25-13-13, Mississippi Code of 1972, is  
1650 amended as follows:[WAN12]

1651 25-13-13. (1) Upon the death of any highway patrolman who  
1652 has retired for service or disability and who has not elected any  
1653 other option under Section 25-13-16, his widow shall receive

1654 one-half (1/2) the benefit which he was receiving and each child  
1655 not having attained his nineteenth birthday shall receive  
1656 one-fourth (1/4) of his benefit, but not more than one-half (1/2)  
1657 of the benefits shall be paid for the support and maintenance of  
1658 two (2) or more children. Upon each child's attaining the age of  
1659 nineteen (19) years, the child shall no longer be eligible for  
1660 such benefit, and when all of such children have attained their  
1661 nineteenth birthday, only the widow shall be eligible for one-half  
1662 (1/2) the amount of his benefit. She shall continue to be  
1663 eligible for such benefit in the amount of fifty percent (50%) of  
1664 his retirement benefit so long as she may live and until she  
1665 remarries. In the event of her remarriage at any time, her  
1666 eligibility for the fifty percent (50%) benefits shall cease and  
1667 terminate, but she will be eligible to continue to receive  
1668 benefits for their children until the last child attains his or  
1669 her nineteenth birthday in the manner aforesaid.

1670 (2) Upon the death of any highway patrolman who has served  
1671 the minimum retirement period required for eligibility for such  
1672 retirement program, his spouse and family shall receive all the  
1673 benefits payable to the highway patrolman's beneficiaries as if he  
1674 had retired at the time of his death. Such benefits cease as to  
1675 the spouse upon remarriage but continue to be payable to each  
1676 child until he reaches the age of nineteen (19) years. Such  
1677 benefits are payable on a monthly basis.

1678 (3) The spouse and/or the dependent children of an active  
1679 member who is killed in the line of performance of duty or dies as  
1680 a direct result of an accident occurring in the line of  
1681 performance of duty shall qualify, on approval of the board, for a  
1682 retirement allowance on the first of the month following the date  
1683 of death, but not before receipt of application by the board. The  
1684 spouse shall receive a retirement allowance equal to one-half  
1685 (1/2) of the average compensation of the deceased highway  
1686 patrolman. In addition to the retirement allowance for the

1687 spouse, or if there is no surviving spouse, a retirement allowance  
1688 shall be paid in the amount of one-fourth (1/4) of the average  
1689 compensation for the support and maintenance of one (1) child or  
1690 in the amount of one-half (1/2) of the average compensation for  
1691 the support and maintenance of two (2) or more children. Such  
1692 benefits shall cease to be paid for the support and maintenance of  
1693 each child upon such child attaining the age of nineteen (19)  
1694 years; however, the spouse shall continue to be eligible for the  
1695 aforesaid retirement allowance. Benefits may be paid to a  
1696 surviving parent or lawful custodian of such children for the use  
1697 and benefit of the children without the necessity of appointment  
1698 as guardian. Such retirement allowance shall cease to the spouse  
1699 upon remarriage but continue to be payable for each dependent  
1700 child until the age of nineteen (19) years.

1701 (4) All benefits accruing to any child under the provisions  
1702 of this chapter shall be paid to the parent custodian of the  
1703 children or the legal guardian.

1704 (5) Children receiving the benefits provided herein, who are  
1705 permanently or totally disabled, shall continue to receive such  
1706 benefits for as long as the medical board or other designated  
1707 governmental agency certifies that such disability continues. The  
1708 age limitation for benefits payable to a child under any provision  
1709 of this section shall be extended beyond age nineteen (19), but in  
1710 no event beyond the attainment of age twenty-three (23), as long  
1711 as the child is a student regularly pursuing a full-time course of  
1712 resident study or training in an accredited high school, trade  
1713 school, technical or vocational institute, junior or community  
1714 college, college, university or comparable recognized educational  
1715 institution duly licensed by a state. A student child whose  
1716 birthday falls during the school year (September 1 through June  
1717 30) is considered not to reach age twenty-three (23) until the  
1718 July 1 following the actual twenty-third birthday. A full-time  
1719 course of resident study or training means a day or evening

1720 noncorrespondence course that includes school attendance at the  
1721 rate of at least thirty-six (36) weeks per academic year or other  
1722 applicable period with a subject load sufficient, if successfully  
1723 completed, to attain the educational or training objective within  
1724 the period generally accepted as minimum for completion, by a  
1725 full-time day student, of the academic or training program  
1726 concerned.

1727 (6) If all the annuities provided for in this section  
1728 payable on the account of the death of a member terminate before  
1729 there has been paid an aggregate amount equal to the member's  
1730 accumulated contributions standing to the member's credit in the  
1731 annuity savings account at the time of the member's death, the  
1732 difference between the accumulated contributions and the aggregate  
1733 amount of annuity payments shall be paid to such person as the  
1734 member has nominated by written designation duly executed and  
1735 filed with the board of trustees in the Office of the Public  
1736 Employees' Retirement System. If there is no designated  
1737 beneficiary surviving at termination of benefits, the difference  
1738 shall be payable pursuant to Section 25-13-21.1(1).

1739 (7) All benefits paid to a spouse or child due to the death  
1740 of a member before or after retirement shall be paid in accordance  
1741 with the statutory provisions set forth as of the date of death.

1742 SECTION 18. Section 25-13-16, Mississippi Code of 1972, is  
1743 amended as follows:[WAN13]

1744 25-13-16. (1) Upon application for superannuation or  
1745 disability retirement, any member who retires after July 1, 1990,  
1746 may elect to receive his benefit pursuant to the provisions of  
1747 Sections 25-13-11 and 25-13-13 \* \* \*. Or he may elect upon  
1748 retirement, or upon becoming eligible for retirement, to receive  
1749 the actuarial equivalent, subject to the provisions of subsection  
1750 (3) of this section, of his retirement allowance in a reduced  
1751 retirement allowance payable throughout life with the provision  
1752 that:

1753           **Option 1.** If he dies before he has received in annuity  
1754 payment the value of the member's annuity savings account as it  
1755 was at the time of his retirement, the balance shall be paid to  
1756 his legal representative or to such person as he shall nominate by  
1757 written designation duly acknowledged and filed with the board; or

1758           **Option 2.** Upon his death, his reduced retirement allowance  
1759 shall be continued throughout the life of, and paid to, such  
1760 person as he has nominated by written designation duly  
1761 acknowledged and filed with the board of trustees at the time of  
1762 his retirement;

1763           **Option 3.** Upon his death, one-half (1/2) of his reduced  
1764 retirement allowance shall be continued throughout the life of,  
1765 and paid to, such person as he shall have nominated by written  
1766 designation duly acknowledged and filed with the board of trustees  
1767 at the time of his retirement, and the other one-half (1/2) of his  
1768 reduced retirement allowance to some other designated beneficiary;

1769           **Option 4-A.** Upon his death, one-half (1/2) of his reduced  
1770 retirement allowance, or such other specified amount, shall be  
1771 continued throughout the life of, and paid to, such person as he  
1772 shall have nominated by written designation duly acknowledged and  
1773 filed with the board of trustees at the time of his retirement; or

1774           **Option 4-B.** A reduced retirement allowance shall be  
1775 continued throughout the life of the retirant, but with the  
1776 further guarantee of payments to the named beneficiary,  
1777 beneficiaries or to the estate for a specified number of years  
1778 certain. If the retired member or the last designated beneficiary  
1779 receiving annuity payments dies prior to receiving all guaranteed  
1780 payments due, the actuarial equivalent of the remaining payments  
1781 shall be paid pursuant to Section 25-13-21.1(1).

1782           **Option 4-C.** Such retirement allowance otherwise payable may  
1783 be converted into a retirement allowance of equivalent actuarial  
1784 value in such an amount that, with the member's benefit under  
1785 Title II of the federal Social Security Act, the member will

1786 receive, so far as possible, approximately the same amount  
1787 annually before and after the earliest age at which the member  
1788 becomes eligible to receive a social security benefit.

1789 Option 6. Any member who is eligible to retire with an  
1790 unreduced benefit may select the maximum retirement benefit or an  
1791 optional benefit as provided in this subsection together with a  
1792 partial lump sum distribution. The amount of the lump sum  
1793 distribution under this option shall be equal to the maximum  
1794 monthly benefit multiplied by twelve (12), twenty-four (24) or  
1795 thirty-six (36) as selected by the member. The maximum retirement  
1796 benefit shall be actuarially reduced to reflect the amount of the  
1797 lump sum distribution selected and further reduced for any other  
1798 optional benefit selected. The annuity and lump sum distribution  
1799 shall be computed to result in no actuarial loss to the system.  
1800 The lump sum distribution shall be made as a single payment  
1801 payable at the time the first monthly annuity payment is paid to  
1802 the retiree. The amount of the lump sum distribution shall be  
1803 deducted from the member's annuity savings account in computing  
1804 what contributions remain at the death of the retiree and/or a  
1805 beneficiary. The lump sum distribution option may be elected only  
1806 once by a member upon initial retirement, and may not be elected  
1807 by a retiree, by members applying for a disability retirement  
1808 annuity, by survivors or by a member selecting Option 4-C.

1809 (2) No change in the option selected shall be permitted  
1810 after the member's death or after the member has received his  
1811 first retirement check, except as provided in subsections (3) and  
1812 (4) of this section. However, any retired member who is receiving  
1813 a retirement allowance under Option 2 or Option 4-A upon July 1,  
1814 1999, and whose designated beneficiary predeceased him or whose  
1815 marriage to a spouse who is his designated beneficiary is  
1816 terminated by divorce or other dissolution, upon written  
1817 notification to the retirement system of the death of the  
1818 designated beneficiary or of the termination of his marriage to

1819 his designated beneficiary, the retirement allowance payable to  
1820 the member after receipt of such notification by the retirement  
1821 system shall be equal to the retirement allowance that would have  
1822 been payable if the member had not elected the option. In  
1823 addition, any retired member who is receiving the maximum  
1824 retirement allowance for life, a retirement allowance under Option  
1825 1 or who is receiving a retirement allowance under Option 2 or  
1826 Option 4-A on July 1, 1999, may elect to provide survivor benefits  
1827 under Option 2 or Option 4-A to a spouse who was not previously  
1828 the member's beneficiary and who the member married before July 1,  
1829 1999. Should a member retired on disability be returned to active  
1830 service, the option previously selected shall be null and void.  
1831 Upon subsequent retirement a new option may be selected.

1832 (3) Any retired member who is receiving a reduced retirement  
1833 allowance under Option 2 or Option 4-A whose designated  
1834 beneficiary predeceases him, or whose marriage to a spouse who is  
1835 his designated beneficiary is terminated by divorce or other  
1836 dissolution, may elect to cancel his reduced retirement allowance  
1837 and receive the maximum retirement allowance for life in an amount  
1838 equal to the amount that would have been payable if the member had  
1839 not elected Option 2 or Option 4-A. Such election must be made in  
1840 writing to the office of the executive director of the system on a  
1841 form prescribed by the board. Any such election shall be  
1842 effective the first of the month following the date the election  
1843 is received by the system.

1844 (4) Any retired member who is receiving the maximum  
1845 retirement allowance for life, or a retirement allowance under  
1846 Option 1, and who marries after his retirement may elect to cancel  
1847 his maximum retirement allowance and receive a reduced retirement  
1848 allowance under Option 2 or Option 4-A to provide continuing  
1849 lifetime benefits to his spouse. Such election must be made in  
1850 writing to the office of the executive director of the system on a  
1851 form prescribed by the board not earlier than the date of the

1852 marriage. Any such election shall be effective the first of the  
1853 month following the date the election is received by the system.  
1854 The amount of the reduced retirement allowance shall be the  
1855 actuarial equivalent, taking into account that the member received  
1856 the maximum retirement allowance for a period of time before  
1857 electing to receive a reduced retirement allowance. However, if a  
1858 retiree marries or remarries after retirement and elects either  
1859 Option 2 or Option 4-A as provided in subsection (2) or (4) of  
1860 this section, the actuarial equivalent factor used to compute the  
1861 reduced retirement allowance shall be the factor for the age of  
1862 the retiree and his or her beneficiary at the time such election  
1863 for recalculation of benefits is made.

1864 (5) Any member in service who has qualified for retirement  
1865 benefits may select any optional method of settlement of  
1866 retirement benefits by notifying the Executive Director of the  
1867 Board of Trustees of the Public Employees' Retirement System in  
1868 writing, on a form prescribed by the board, of the option he has  
1869 selected and by naming the beneficiary of such option and  
1870 furnishing necessary proof of age. Such option, once selected,  
1871 may be changed at any time prior to actual retirement or death,  
1872 but upon the death or retirement of the member, the optional  
1873 settlement shall be placed in effect upon proper notification to  
1874 the executive director.

1875 (6) Notwithstanding any provision of Section 25-13-1 et  
1876 seq., no payments may be made for a retirement allowance on a  
1877 monthly basis for a period of time in excess of that allowed by  
1878 federal law.

1879 (7) If a retirant and his eligible beneficiary, if any, both  
1880 die before they have received in annuity payments a total amount  
1881 equal to the accumulated contributions standing to the retirant's  
1882 credit in the annuity savings account at the time of his  
1883 retirement, the difference between the accumulated contributions  
1884 and the total amount of annuities received by them shall be paid



1885 to such persons as the retirant has nominated by written  
1886 designation duly executed and filed in the office of the executive  
1887 director. If no designated person survives the retirant and his  
1888 beneficiary, the difference, if any, shall be paid pursuant to  
1889 Section 25-13-21.1(1).

1890 (8) Any retired member who retired on Option 2(5) or 4-A(5)  
1891 before July 1, 1999, who is still receiving a retirement allowance  
1892 as of July 1, 1999, shall receive an increase in the annual  
1893 retirement allowance effective July 1, 1999, equal to the amount  
1894 they would have received under Option 2 or Option 4-A without a  
1895 reduction for Option 5 based on the ages at retirement of the  
1896 retiree and beneficiary and option factors in effect on July 1,  
1897 1999. Such increase shall be prospective only.

1898 (9) For purposes of this section:

1899 (a) "Beneficiary" means any person designated to  
1900 receive a retirement allowance, an annuity or other benefit as  
1901 provided by this chapter. Such designation shall be in writing  
1902 filed in the Office of the Executive Director of the Board of  
1903 Trustees of the Public Employees' Retirement System, and no  
1904 designation or change of beneficiary shall be made in any other  
1905 manner; however, notwithstanding any provision of this chapter to  
1906 the contrary, the lawful spouse of a member at the time of the  
1907 death of a member shall be the beneficiary of such member unless  
1908 the member has designated another beneficiary subsequent to the  
1909 date of marriage.

1910 (b) "Actuarial equivalent" shall mean a benefit of  
1911 equal value to the accumulated contributions, annuity or benefit,  
1912 as the case may be, when computed upon the basis of such mortality  
1913 tables as shall be adopted by the board of trustees, and regular  
1914 interest.

1915 (c) "Actuarial tables" shall mean such tables of  
1916 mortality and rates of interest as shall be adopted by the board  
1917 in accordance with the recommendation of the actuary.

1918 SECTION 19. Section 25-13-21, Mississippi Code of 1972, is  
1919 amended as follows:[WAN14]

1920 25-13-21. In the event a highway patrolman ceases to work  
1921 for the Highway Safety Patrol for any reason other than  
1922 occupational disease contracted or for any accident sustained by  
1923 the patrolman by reason of his service or discharge of his duty in  
1924 the Highway Patrol, and if the highway patrolman is not eligible  
1925 for retirement either for service or disability, he shall be  
1926 refunded the amount of his total contribution under the provisions  
1927 of this chapter, including any credit transferred to his account  
1928 in this system from any other system, at his request; and should  
1929 he die before retirement, such fund is to be refunded to any  
1930 beneficiary he may name. If there is no surviving designated  
1931 beneficiary, the contributions to the credit of the deceased  
1932 member shall be refunded pursuant to Section 25-13-21.1(1).

1933 Pursuant to the Unemployment Compensation Amendments of 1992  
1934 (Public Law 102-318 (UCA)), a member or eligible beneficiary  
1935 eligible for a refund under this section may elect on a form  
1936 prescribed by the board under rules and regulations established by  
1937 the board, to have an eligible roll over distribution of  
1938 accumulated contributions payable under this section paid directly  
1939 to an eligible retirement plan or individual retirement account.  
1940 If the member or eligible beneficiary makes such election and  
1941 specifies the eligible retirement plan or individual retirement  
1942 account to which such distribution is to be paid, the distribution  
1943 will be made in the form of a direct trustee-to-trustee transfer  
1944 to the specified eligible retirement plan. Flexible roll overs  
1945 under this subsection shall not be considered assignments under  
1946 Section 25-13-31.

1947 If any highway patrolman who shall receive a refund reenters  
1948 the service of the Highway Safety Patrol and again becomes a  
1949 member of the system, he may repay all amounts previously received  
1950 by him as a refund, together with regular interest covering the

1951 period from the date of refund to the date of repayment; however,  
1952 the amounts that are repaid by the member and the creditable  
1953 service related thereto shall not be used in any benefit  
1954 calculation or determination until the member has remained a  
1955 contributor to the system for a period of at least five (5) years  
1956 after such member's reentry into state service. Repayment for  
1957 such time shall be made in increments of not less than one-quarter  
1958 (1/4) year of creditable service beginning with the most recent  
1959 service for which refund has been made. Upon the repayment of all  
1960 or part of such refund and interest, the highway patrolman shall  
1961 again receive credit for the period of creditable service for  
1962 which full repayment has been made to the system.

1963 SECTION 20. Section 25-11-309, Mississippi Code of 1972, is  
1964 amended as follows:[RF15]

1965 25-11-309. The retirement allowance from the Supplemental  
1966 Legislative Retirement Plan shall consist of one hundred percent  
1967 (100%) of an amount equal to the retirement allowance determined  
1968 by creditable service as an elected Senator or Representative of  
1969 the State Legislature or as President of the Senate payable by the  
1970 Public Employees' Retirement System in accordance with Section  
1971 25-11-101 et seq. \* \* \*

1972 The percentage of the retirement allowance as provided in  
1973 this section shall be transferred from the annuity savings account  
1974 of the member and the employer accumulation account in the  
1975 Supplemental Legislative Retirement Plan to the retirement account  
1976 of the member in the Public Employees' Retirement System as  
1977 provided.

1978 The provisions of this section as amended by House Bill No.  
1979 1281, 2000 Regular Session, shall apply to all persons who are or  
1980 were active members of the plan on or after January 5, 2000.  
1981 However, for persons who are or were members of the plan, whether  
1982 before or after January 5, 2000, there shall be no limit on the  
1983 aggregate amount of the retirement allowance from the Supplemental

1984 Legislative Retirement Plan and the Public Employees' Retirement  
1985 System on legislative service or service as President of the  
1986 Senate.

1987 SECTION 21. Section 25-11-307, Mississippi Code of 1972, is  
1988 amended as follows:[RF16]

1989 25-11-307. (1) The Board of Trustees of the Public  
1990 Employees' Retirement System of Mississippi shall act as custodian  
1991 of the funds for members of the State Legislature and the  
1992 President of the Senate, and shall receive to the credit of such  
1993 fund all donations, bequests, appropriations, and all funds  
1994 available as an employer's contribution thereto from any source  
1995 whatsoever. The State Legislature shall each month deduct from  
1996 the compensation of each member six percent (6%) thereof, and  
1997 shall pay the amount so deducted to the board of trustees to be  
1998 credited to the fund for the members. The compensation of each  
1999 member shall include all remuneration or amounts paid, except  
2000 mileage allowance. From the funds credited to this account, the  
2001 board of trustees shall pay retirement allowances, disability  
2002 benefits, survivors' benefits and expenses, and shall refund  
2003 contributions as provided. The fund for the Supplemental  
2004 Legislative Retirement Plan shall be maintained as a separate  
2005 fund, separate from all other funds held by the board of trustees  
2006 and shall be used only for the payment of benefits provided for by  
2007 the plan, or amendments thereto.

2008 (2) On account of each member there shall be paid monthly  
2009 into the fund for members of the Supplemental Legislative  
2010 Retirement Plan by the State Legislature from funds available an  
2011 amount equal to a certain percentage of the compensation of each  
2012 member to be known as the "normal contributions," and an  
2013 additional amount equal to a percentage of his compensation to be  
2014 known as the "accrued liability contribution." The percentage  
2015 rate of such contributions shall be fixed by the board of trustees  
2016 on the basis of the liabilities of the plan for the various

2017 allowances and benefits as shown by the actuarial valuation.  
2018 Until changed by the board of trustees, the contribution rate  
2019 shall be seventeen and nine one-hundredths percent (17.09%) of the  
2020 annual compensation of all members, which shall include all  
2021 remuneration or amounts paid, except mileage allowance.

2022 (3) The board of trustees is hereby authorized to deduct two  
2023 percent (2%) of all employer's contributions paid into the fund  
2024 for members of the State Legislature and the President of the  
2025 Senate to be transferred to the expense fund of the Public  
2026 Employees' Retirement System of Mississippi to defray the cost of  
2027 administering this fund.

2028 SECTION 22. The Board of Trustees of the Public Employees'  
2029 Retirement System shall conduct a comprehensive study of the  
2030 feasibility of providing one (1) health insurance program for all  
2031 retired public employees, using funds appropriated by the  
2032 Legislature. The study shall be completed by December 15, 2000,  
2033 and copies of the study shall be provided to the Legislature.

2034 SECTION 23. This act shall take effect and be in force from  
2035 and after July 1, 2000.