

By: Senator(s) Burton

To: Finance

SENATE BILL NO. 2235

1 AN ACT TO AMEND SECTIONS 25-11-111, 25-11-114 AND 25-11-115,  
2 MISSISSIPPI CODE OF 1972, TO INCREASE TO 30 YEARS THE YEARS OF  
3 SERVICE REQUIRED FOR RETIREMENT REGARDLESS OF AGE UNDER THE PUBLIC  
4 EMPLOYEES' RETIREMENT SYSTEM FOR PERSONS WHO BECOME MEMBERS OF THE  
5 SYSTEM FROM AND AFTER JULY 1 2006; AND FOR RELATED PURPOSES.

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

7 **SECTION 1.** Section 25-11-111, Mississippi Code of 1972, is  
8 amended as follows:

9 25-11-111. (a) (1) Any member who shall have become a  
10 member of the system prior to July 1, 2006, upon withdrawal from  
11 service upon or after attainment of the age of sixty (60) years  
12 who shall have completed at least four (4) years of creditable  
13 service, or any member upon withdrawal from service regardless of  
14 age who shall have completed at least twenty-five (25) years of  
15 creditable service, shall be entitled to receive a retirement  
16 allowance which shall begin on the first of the month following  
17 the date the member's application for the allowance is received by  
18 the board, but in no event before withdrawal from service.

19 (2) Any member who shall have become a member of the  
20 system on or after July 1, 2006, upon withdrawal from service upon  
21 or after attainment of the age of sixty (60) years who shall have  
22 completed at least four (4) years of creditable service, or any  
23 member upon withdrawal from service regardless of age who shall  
24 have completed at least thirty (30) years of creditable service,  
25 shall be entitled to receive a retirement allowance which shall  
26 begin on the first of the month following the date the member's  
27 application for the allowance is received by the board, but in no  
28 event before withdrawal from service.

29           (b) Any member whose withdrawal from service occurs prior to  
30 attaining the age of sixty (60) years who shall have completed  
31 four (4) or more years of creditable service and shall not have  
32 received a refund of his accumulated contributions shall be  
33 entitled to receive a retirement allowance, beginning upon his  
34 attaining the age of sixty (60) years, of the amount earned and  
35 accrued at the date of withdrawal from service.

36           (c) Any member in service who has qualified for retirement  
37 benefits may select any optional method of settlement of  
38 retirement benefits by notifying the Executive Director of the  
39 Board of Trustees of the Public Employees' Retirement System in  
40 writing, on a form prescribed by the board, of the option he has  
41 selected and by naming the beneficiary of such option and  
42 furnishing necessary proof of age. Such option, once selected,  
43 may be changed at any time prior to actual retirement or death,  
44 but upon the death or retirement of the member, the optional  
45 settlement shall be placed in effect upon proper notification to  
46 the executive director.

47           (d) The annual amount of the retirement allowance shall  
48 consist of:

49                 (1) A member's annuity which shall be the actuarial  
50 equivalent of the accumulated contributions of the member at the  
51 time of retirement computed according to the actuarial table in  
52 use by the system; and

53                 (2) An employer's annuity which, together with the  
54 member's annuity provided above, shall be equal to one and  
55 seven-eighths percent (1-7/8%) of the average compensation for  
56 each year of state service up to and including twenty-five (25)  
57 years of membership service, and two and one-fourth percent  
58 (2-1/4%) of the average compensation for each year of state  
59 service exceeding twenty-five (25) years of membership service.  
60 However, after the board of trustees has begun implementing the

61 changes in the computation of the retirement allowance as provided  
62 in subsection (e), the employer's annuity shall be equal to:

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

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

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

77 (3) A prior service annuity equal to one and  
78 seven-eighths percent (1-7/8%) of the average compensation for  
79 each year of state service up to and including twenty-five (25)  
80 years of prior service, and two and one-fourth percent (2-1/4%) of  
81 the average compensation for each year of state service exceeding  
82 twenty-five (25) years of prior service for which the member is  
83 allowed credit. However, after the board of trustees has begun  
84 implementing the changes in the computation of the retirement  
85 allowance as provided in subsection (e), the prior service annuity  
86 shall be equal to:

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

92 (ii) Two percent (2%) of the average compensation  
93 for each year of prior service exceeding the number of years

94 specified in Column A of the table in subsection (e) for the  
95 latest phase that has been implemented up to and including  
96 twenty-five (25) years, and

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

101 (4) Any retired member or beneficiary thereof who was  
102 eligible to receive a retirement allowance before July 1, 1991,  
103 and who is still receiving a retirement allowance on July 1, 1992,  
104 shall receive an increase in the annual retirement allowance of  
105 the retired member equal to one-eighth of one percent (1/8 of 1%)  
106 of the average compensation for each year of state service in  
107 excess of twenty-five (25) years of membership service up to and  
108 including thirty (30) years. The maximum increase shall be  
109 five-eighths of one percent (5/8 of 1%). In no case shall a  
110 member who has been retired prior to July 1, 1987, receive less  
111 than Ten Dollars (\$10.00) per month for each year of creditable  
112 service and proportionately for each quarter year thereof.  
113 Persons retired on or after July 1, 1987, shall receive at least  
114 Ten Dollars (\$10.00) per month for each year of service and  
115 proportionately for each quarter year thereof reduced for the  
116 option selected. However, such Ten Dollars (\$10.00) minimum per  
117 month for each year of creditable service shall not apply to a  
118 retirement allowance computed under Section 25-11-114 based on a  
119 percentage of the member's average compensation.

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

127           (6) Any member upon withdrawal from service upon or  
 128 after attaining the age of sixty (60) years who has completed at  
 129 least four (4) years of creditable service, or any member upon  
 130 withdrawal from service regardless of age who has completed at  
 131 least twenty-five (25) years of creditable service, shall be  
 132 entitled to receive a retirement allowance computed in accordance  
 133 with the formula set forth in this section. Such retirement  
 134 allowance otherwise payable may be converted into a retirement  
 135 allowance of equivalent actuarial value in such an amount that,  
 136 with the member's benefit under Title II of the federal Social  
 137 Security Act, the member will receive, so far as possible,  
 138 approximately the same amount annually before and after the  
 139 earliest age at which the member becomes eligible to receive a  
 140 social security benefit.

141           (e) Beginning on July 1, 2000, the board of trustees shall  
 142 implement changes in the computation of the amount of the annual  
 143 retirement allowance, which changes shall be implemented in phases  
 144 as set forth in the table in this subsection. The board of  
 145 trustees shall implement the phases systematically upon July 1  
 146 after the board's actuary certifies that implementation of a phase  
 147 will not cause the unfunded accrued actuarial liability  
 148 amortization period for the retirement system to exceed twenty-two  
 149 (22) years. The board of trustees shall have the exclusive  
 150 authority to set the assumptions that are used in the actuarial  
 151 evaluation in accordance with Section 25-11-119(9). The board of  
 152 trustees shall recalculate the retirement allowance of any retired  
 153 member or beneficiary of such a member as each phase is  
 154 implemented.

155                                   RETIREMENT ALLOWANCE COMPUTATION

156   IMPLEMENTATION TABLE

| 157                 | (A)          | (B)        |
|---------------------|--------------|------------|
| 158           PHASE | 2% FOR YEARS | PERCENTAGE |
| 159                 | ABOVE THIS   | FOR YEARS  |

|     | NUMBER AND | ABOVE 25 |        |
|-----|------------|----------|--------|
|     | ≤25 YEARS  | YEARS    |        |
| 163 | Phase 1    | 20 years | 2.250% |
| 164 | Phase 2    | 15 years | 2.250% |
| 165 | Phase 3    | 10 years | 2.250% |
| 166 | Phase 4    | 5 years  | 2.250% |
| 167 | Phase 5    | 0 years  | 2.250% |
| 168 | Phase 6    | 0 years  | 2.375% |
| 169 | Phase 7    | 0 years  | 2.500% |

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

175 Column B shows the percentage that is applicable to the  
176 number of years of service exceeding twenty-five (25) years in  
177 computing the retirement allowance.

178 (f) No member, except members excluded by the Age  
179 Discrimination in Employment Act Amendments of 1986 (Public Law  
180 99-592), under either Article 1 or Article 3 in state service  
181 shall be required to retire because of age.

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

185 (h) (1) A retiree or beneficiary may, on a form prescribed  
186 by and filed with the retirement system, irrevocably waive all or  
187 a portion of any benefits from the retirement system to which the  
188 retiree or beneficiary is entitled. Such waiver shall be binding  
189 on the heirs and assigns of any retiree or beneficiary and the  
190 same must agree to forever hold harmless the Public Employees'  
191 Retirement System of Mississippi from any claim to such waived  
192 retirement benefits.

193           (2) Any waiver pursuant to this subsection shall apply  
194 only to the person executing the waiver. A beneficiary shall be  
195 entitled to benefits according to the option selected by the  
196 member at the time of retirement. However, a beneficiary may, at  
197 the option of the beneficiary, execute a waiver of benefits  
198 pursuant to this subsection.

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

202           (4) The board of trustees may provide rules and  
203 regulations for the administration of waivers under this  
204 subsection.

205           **SECTION 2.** Section 25-11-114, Mississippi Code of 1972, is  
206 amended as follows:

207           25-11-114. (1) The applicable benefits provided in  
208 subsections (2) and (3) of this section shall be paid to eligible  
209 beneficiaries of any member who has completed four (4) or more  
210 years of creditable service and who dies before retirement and who  
211 has not filed a Pre-Retirement Optional Retirement Form as  
212 provided in Section 25-11-111.

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

217                   (i) Had retired on the date of his death with  
218 entitlement to an annuity provided for in Section 25-11-111,  
219 notwithstanding that he might not have attained age sixty (60) or  
220 acquired \* \* \* the years of creditable service necessary for  
221 retirement regardless of age;

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

223           (b) If, at the time of the member's death, there are no  
224 dependent children, and the surviving spouse, who otherwise would  
225 receive the annuity under this subsection (2), has filed with the

226 system a signed written waiver of his or her rights to the annuity  
227 and that waiver was in effect at the time of the member's death, a  
228 lump-sum distribution of the deceased member's accumulated  
229 contributions shall be refunded in accordance with Section  
230 25-11-117.

231 (c) The spouse annuity shall begin on the first day of  
232 the month following the date of the member's death, but in case of  
233 late filing, retroactive payments will be made for a period of not  
234 more than one (1) year.

235 (d) The spouse annuity shall be payable for life and  
236 shall be the greater of twenty percent (20%) of the deceased  
237 member's average compensation as defined in Section 25-11-103 at  
238 the time of death or Fifty Dollars (\$50.00) monthly. Surviving  
239 spouses of deceased members who previously received spouse  
240 retirement benefits under this paragraph (d) from and after July  
241 1, 1992, and whose benefits were terminated before July 1, 2004,  
242 because of remarriage, may again receive the retirement benefits  
243 authorized under this paragraph (d) by making application with the  
244 board to reinstate those benefits. Any reinstatement of the  
245 benefits shall be prospective only and shall begin after the first  
246 of the month following the date of the application for  
247 reinstatement, but no earlier than July 1, 2004.

248 (e) However, the spouse may elect by an irrevocable  
249 agreement on a form prescribed by the board of trustees to receive  
250 a monthly allowance as computed under either paragraph (d) or this  
251 paragraph. The irrevocable agreement shall constitute a waiver by  
252 the spouse to any current and future monthly allowance under the  
253 paragraph not elected, and the waiver shall be a complete and full  
254 discharge of all obligations of the retirement system under that  
255 paragraph.

256 Any member who has completed four (4) or more years of  
257 creditable service and who dies before retirement and leaves a  
258 spouse who has been married to the member for not less than one



259 (1) year immediately preceding his death and has not exercised any  
260 other option shall be deemed to have exercised Option 2 under  
261 Section 25-11-115 for the benefit of his spouse, which spouse  
262 shall be paid Option 2 settlement benefits under this article  
263 beginning on the first of the month following the date of death,  
264 but in case of late filing, retroactive payments will be made for  
265 a period of not more than one (1) year. The method of calculating  
266 the retirement benefits shall be on the same basis as provided in  
267 Section 25-11-111(d). However, if the member dies before being  
268 qualified for full unreduced benefits, then the benefits shall be  
269 reduced by three percent (3%) per year for the lesser of either  
270 the years of service or age required for full unreduced benefits  
271 in Section 25-11-111(d).

272 (3) (a) Subject to the maximum limitation provided in this  
273 paragraph, the member's dependent children each shall receive an  
274 annuity of the greater of ten percent (10%) of the member's  
275 average compensation as defined in Section 25-11-103 at the time  
276 of the death of the member or Fifty Dollars (\$50.00) monthly;  
277 however, if there are more than three (3) dependent children, each  
278 dependent child shall receive an equal share of a total annuity  
279 equal to thirty percent (30%) of the member's average  
280 compensation, provided that the total annuity shall not be less  
281 than One Hundred Fifty Dollars (\$150.00) per month for all  
282 children.

283 (b) A child shall be considered to be a dependent child  
284 until marriage, or the attainment of age nineteen (19), whichever  
285 comes first; however, this age limitation shall be extended beyond  
286 age nineteen (19), but in no event beyond the attainment of age  
287 twenty-three (23), as long as the child is a student regularly  
288 pursuing a full-time course of resident study or training in an  
289 accredited high school, trade school, technical or vocational  
290 institute, junior or community college, college, university or  
291 comparable recognized educational institution duly licensed by a

292 state. A student child whose birthday falls during the school  
293 year (September 1 through June 30) is considered not to reach age  
294 twenty-three (23) until the July 1 following the actual  
295 twenty-third birthday. A full-time course of resident study or  
296 training means a day or evening noncorrespondence course that  
297 includes school attendance at the rate of at least thirty-six (36)  
298 weeks per academic year or other applicable period with a subject  
299 load sufficient, if successfully completed, to attain the  
300 educational or training objective within the period generally  
301 accepted as minimum for completion, by a full-time day student, of  
302 the academic or training program concerned. Any child who is  
303 physically or mentally incompetent, as adjudged by either a  
304 Mississippi court of competent jurisdiction or by the board, shall  
305 receive benefits for as long as the incompetency exists.

306 (c) If there are more than three (3) dependent  
307 children, upon a child's ceasing to be a dependent child, his  
308 annuity shall terminate and there shall be a redetermination of  
309 the amounts payable to any remaining dependent children.

310 (d) Annuities payable under this subsection (3) shall  
311 begin the first day of the month following the date of the  
312 member's death or in case of late filing, retroactive payments  
313 will be made for a period of not more than one (1) year. Those  
314 benefits may be paid to a surviving parent or the lawful custodian  
315 of a dependent child for the use and benefit of the child without  
316 the necessity of appointment as guardian.

317 (4) (a) Death benefits in the line of duty. Regardless of  
318 the number of years of the member's creditable service, the spouse  
319 and/or the dependent children of an active member who is killed in  
320 the line of performance of duty or dies as a direct result of an  
321 accident occurring in the line of performance of duty shall  
322 qualify, on approval of the board, for a retirement allowance on  
323 the first of the month following the date of death, but in the  
324 case of late filing, retroactive payments will be made for a

325 period of not more than one (1) year. The spouse shall receive a  
326 retirement allowance for life equal to one-half (1/2) of the  
327 average compensation as defined in Section 25-11-103. In addition  
328 to the retirement allowance for the spouse, or if there is no  
329 surviving spouse, the member's dependent child shall receive a  
330 retirement allowance in the amount of one-fourth (1/4) of the  
331 member's average compensation as defined in Section 25-11-103;  
332 however, if there are two (2) or more dependent children, each  
333 dependent child shall receive an equal share of a total annuity  
334 equal to one-half (1/2) of the member's average compensation. If  
335 there are more than two (2) dependent children, upon a child's  
336 ceasing to be a dependent child, his annuity shall terminate and  
337 there shall be a redetermination of the amounts payable to any  
338 remaining dependent children. Those benefits shall cease to be  
339 paid for the support and maintenance of each child upon the child  
340 attaining the age of nineteen (19) years; however, the spouse  
341 shall continue to be eligible for the aforesaid retirement  
342 allowance. Those benefits may be paid to a surviving parent or  
343 lawful custodian of the children for the use and benefit of the  
344 children without the necessity of appointment as guardian. Any  
345 spouse who received spouse retirement benefits under this  
346 paragraph (a) from and after April 4, 1984, and whose benefits  
347 were terminated before July 1, 2004, because of remarriage, may  
348 again receive the retirement benefits authorized under this  
349 paragraph (a) by making application with the board to reinstate  
350 those benefits. Any reinstatement of the benefits shall be  
351 prospective only and shall begin after the first of the month  
352 following the date of the application for reinstatement, but not  
353 earlier than July 1, 2004.

354 (b) A child shall be considered to be a dependent child  
355 until marriage, or the attainment of age nineteen (19), whichever  
356 comes first; however, this age limitation shall be extended beyond  
357 age nineteen (19), but in no event beyond the attainment of age

358 twenty-three (23), as long as the child is a student regularly  
359 pursuing a full-time course of resident study or training in an  
360 accredited high school, trade school, technical or vocational  
361 institute, junior or community college, college, university or  
362 comparable recognized educational institution duly licensed by a  
363 state. A student child whose birthday falls during the school  
364 year (September 1 through June 30) is considered not to reach age  
365 twenty-three (23) until the July 1 following the actual  
366 twenty-third birthday. A full-time course of resident study or  
367 training means a day or evening noncorrespondence course that  
368 includes school attendance at the rate of at least thirty-six (36)  
369 weeks per academic year or other applicable period with a subject  
370 load sufficient, if successfully completed, to attain the  
371 educational or training objective within the period generally  
372 accepted as minimum for completion, by a full-time day student, of  
373 the academic or training program concerned. Any child who is  
374 physically or mentally incompetent, as adjudged by either a  
375 Mississippi court of competent jurisdiction or by the board, shall  
376 receive benefits for as long as the incompetency exists.

377 (5) If all the annuities provided for in this section  
378 payable on account of the death of a member terminate before there  
379 has been paid an aggregate amount equal to the member's  
380 accumulated contributions standing to the member's credit in the  
381 annuity savings account at the time of the member's death, the  
382 difference between the accumulated contributions and the aggregate  
383 amount of annuity payments shall be paid to the person that the  
384 member has nominated by written designation duly executed and  
385 filed with the board. If there is no designated beneficiary  
386 surviving at termination of benefits, the difference shall be  
387 payable pursuant to Section 25-11-117.1(1).

388 (6) Regardless of the number of years of creditable service  
389 upon the application of a member or employer, any active member  
390 who becomes disabled as a direct result of an accident or

391 traumatic event resulting in a physical injury occurring in the  
392 line of performance of duty, provided that the medical board or  
393 other designated governmental agency after a medical examination  
394 certifies that the member is mentally or physically incapacitated  
395 for the further performance of duty and the incapacity is likely  
396 to be permanent, may be retired by the board of trustees on the  
397 first of the month following the date of filing the application  
398 but in no event shall the retirement allowance begin before the  
399 termination of state service. The retirement allowance shall  
400 equal the allowance on disability retirement as provided in  
401 Section 25-11-113 but shall not be less than fifty percent (50%)  
402 of average compensation.

403 Permanent and total disability resulting from a  
404 cardiovascular, pulmonary or musculo-skeletal condition that was  
405 not a direct result of a traumatic event occurring in the  
406 performance of duty shall be deemed an ordinary disability. A  
407 mental disability based exclusively on employment duties occurring  
408 on an ongoing basis shall be deemed an ordinary disability.

409 (7) If the deceased or disabled member has less than four  
410 (4) years of creditable service, the average compensation as  
411 defined in Section 25-11-103 shall be the average of all annual  
412 earned compensation in state service for the purposes of benefits  
413 provided in this section.

414 (8) In case of death or total and permanent disability under  
415 subsection (4) or subsection (6) of this section and before the  
416 board shall consider any application for a retirement allowance,  
417 the employer must certify to the board that the member's death or  
418 disability was a direct result of an accident or a traumatic event  
419 occurring during and as a result of the performance of the regular  
420 and assigned duties of the employee and that the death or  
421 disability was not the result of the willful negligence of the  
422 employee.

423           (9) The application for the retirement allowance must be  
424 filed within one (1) year after death of an active member who is  
425 killed in the line of performance of duty or dies as a direct  
426 result of an accident occurring in the line of performance of duty  
427 or traumatic event; but the board of trustees may consider an  
428 application for disability filed after the one-year period if it  
429 can be factually demonstrated to the satisfaction of the board of  
430 trustees that the disability is due to the accident and that the  
431 filing was not accomplished within the one-year period due to a  
432 delayed manifestation of the disability or to circumstances beyond  
433 the control of the member. However, in case of late filing,  
434 retroactive payments will be made for a period of not more than  
435 one (1) year only.

436           (10) Notwithstanding any other section of this article and  
437 in lieu of any payments to a designated beneficiary for a refund  
438 of contributions under Section 25-11-117, the spouse and/or  
439 children shall be eligible for the benefits payable under this  
440 section, and the spouse may elect, for both the spouse and/or  
441 children, to receive benefits in accordance with either  
442 subsections (2) and (3) or subsection (4) of this section;  
443 otherwise, the contributions to the credit of the deceased member  
444 shall be refunded in accordance with Section 25-11-117.

445           (11) If the member has previously received benefits from the  
446 system to which he was not entitled and has not repaid in full all  
447 amounts payable by him to the system, the annuity amounts  
448 otherwise provided by this section shall be withheld and used to  
449 effect repayment until the total of the withholdings repays in  
450 full all amounts payable by him to the system.

451           **SECTION 3.** Section 25-11-115, Mississippi Code of 1972, is  
452 amended as follows:

453           25-11-115. (1) Upon application for superannuation or  
454 disability retirement, any member may elect to receive his benefit  
455 in a retirement allowance payable throughout life with no further

456 payments to anyone at his death, except that in the event his  
457 total retirement payments under this article do not equal his  
458 total contributions under this article, his named beneficiary  
459 shall receive the difference in cash at his death. Or he may  
460 elect upon retirement, or upon becoming eligible for retirement,  
461 to receive the actuarial equivalent subject to the provisions of  
462 subsection (3) of this section of his retirement allowance in a  
463 reduced retirement allowance payable throughout life with the  
464 provision that:

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

470       **Option 2.** Upon his death, his reduced retirement allowance  
471 shall be continued throughout the life of, and paid to, such  
472 person as he has nominated by written designation duly  
473 acknowledged and filed with the board of trustees at the time of  
474 his retirement;

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

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

486       **Option 4-B.** A reduced retirement allowance shall be  
487 continued throughout the life of the retirant, but with the  
488 further guarantee of payments to the named beneficiary,

489 beneficiaries or to the estate for a specified number of years  
490 certain. If the retired member or the last designated beneficiary  
491 receiving annuity payments dies prior to receiving all guaranteed  
492 payments due, the actuarial equivalent of the remaining payments  
493 shall be paid pursuant to Section 25-11-117.1(1);

494 **Option 4-C.** Such retirement allowance otherwise payable may  
495 be converted into a retirement allowance of equivalent actuarial  
496 value in such an amount that, with the member's benefit under  
497 Title II of the federal Social Security Act, the member will  
498 receive, so far as possible, approximately the same amount  
499 annually before and after the earliest age at which the member  
500 becomes eligible to receive a social security benefit. This  
501 option shall not be available to retirees whose retirement is  
502 effective on or after July 1, 2004.

503 **Option 6.** (a) Any member who shall have become a member of  
504 the system prior to July 1, 2006, and who has at least  
505 twenty-eight (28) years of creditable service at the time of  
506 retirement or who is at least sixty-three (63) years of age and  
507 eligible to retire, may select the maximum retirement benefit or  
508 an optional benefit as provided in this subsection together with a  
509 partial lump-sum distribution. The amount of the lump-sum  
510 distribution under this option shall be equal to the maximum  
511 monthly benefit multiplied by twelve (12), twenty-four (24) or  
512 thirty-six (36) as selected by the member. The maximum retirement  
513 benefit shall be actuarially reduced to reflect the amount of the  
514 lump-sum distribution selected and further reduced for any other  
515 optional benefit selected. The annuity and lump-sum distribution  
516 shall be computed to result in no actuarial loss to the system.  
517 The lump-sum distribution shall be made as a single payment  
518 payable at the time the first monthly annuity payment is paid to  
519 the retiree. The amount of the lump-sum distribution shall be  
520 deducted from the member's annuity savings account in computing  
521 what contributions remain at the death of the retiree and/or a



522 beneficiary. The lump-sum distribution option may be elected only  
523 once by a member upon initial retirement, and may not be elected  
524 by a retiree, by members applying for a disability retirement  
525 annuity, by survivors or by a member selecting Option 4-C.

526 (b) Any member who shall have become a member of the  
527 system on or after July 1, 2006, and who has at least thirty-three  
528 (33) years of creditable service at the time of retirement or who  
529 is at least sixty-three (63) years of age and eligible to retire,  
530 may select the maximum retirement benefit or an optional benefit  
531 as provided in this subsection together with a partial lump-sum  
532 distribution. The amount of the lump-sum distribution under this  
533 option shall be equal to the maximum monthly benefit multiplied by  
534 twelve (12), twenty-four (24) or thirty-six (36) as selected by  
535 the member. The maximum retirement benefit shall be actuarially  
536 reduced to reflect the amount of the lump-sum distribution  
537 selected and further reduced for any other optional benefit  
538 selected. The annuity and lump-sum distribution shall be computed  
539 to result in no actuarial loss to the system. The lump-sum  
540 distribution shall be made as a single payment payable at the time  
541 the first monthly annuity payment is paid to the retiree. The  
542 amount of the lump-sum distribution shall be deducted from the  
543 member's annuity savings account in computing what contributions  
544 remain at the death of the retiree and/or a beneficiary. The  
545 lump-sum distribution option may be elected only once by a member  
546 upon initial retirement, and may not be elected by a retiree, by  
547 members applying for a disability retirement annuity, by survivors  
548 or by a member selecting Option 4-C.

549 (2) No change in the option selected shall be permitted  
550 after the member's death or after the member has received his  
551 first retirement check except as provided in subsections (3) and  
552 (4) of this section and in Section 25-11-127. Members who are  
553 pursuing a disability retirement allowance and simultaneously or  
554 subsequently elect to begin to receive a service retirement

555 allowance while continuing to pursue a disability retirement  
556 allowance, shall not be eligible to select Option 4-C or Option 6  
557 and those options may not be selected at a later time if the  
558 application for a disability retirement allowance is voided or  
559 denied. However, any retired member who is receiving a retirement  
560 allowance under Option 2 or Option 4-A upon July 1, 1992, and  
561 whose designated beneficiary predeceased him or whose marriage to  
562 a spouse who is his designated beneficiary is terminated by  
563 divorce or other dissolution, upon written notification to the  
564 retirement system of the death of the designated beneficiary or of  
565 the termination of his marriage to his designated beneficiary, the  
566 retirement allowance payable to the member after receipt of such  
567 notification by the retirement system shall be equal to the  
568 retirement allowance which would have been payable had the member  
569 not elected the option. In addition, any retired member who is  
570 receiving the maximum retirement allowance for life, a retirement  
571 allowance under Option 1 or who is receiving a retirement  
572 allowance under Option 2 or Option 4-A on July 1, 1992, may elect  
573 to provide survivor benefits under Option 2 or Option 4-A to a  
574 spouse who was not previously the member's beneficiary and whom  
575 the member married before July 1, 1992.

576 (3) Any retired member who is receiving a reduced retirement  
577 allowance under Option 2 or Option 4-A whose designated  
578 beneficiary predeceases him, or whose marriage to a spouse who is  
579 his designated beneficiary is terminated by divorce or other  
580 dissolution, may elect to cancel his reduced retirement allowance  
581 and receive the maximum retirement allowance for life in an amount  
582 equal to the amount that would have been payable if the member had  
583 not elected Option 2 or Option 4-A. Such election must be made in  
584 writing to the office of the executive director of the system on a  
585 form prescribed by the board. Any such election shall be  
586 effective the first of the month following the date the election  
587 is received by the system.

588           (4) Any retired member who is receiving the maximum  
589 retirement allowance for life, or a retirement allowance under  
590 Option 1, and who marries after his retirement may elect to cancel  
591 his maximum retirement allowance and receive a reduced retirement  
592 allowance under Option 2 or Option 4-A to provide continuing  
593 lifetime benefits to his spouse. Such election must be made in  
594 writing to the office of the executive director of the system on a  
595 form prescribed by the board not earlier than the date of the  
596 marriage. Any such election shall be effective the first of the  
597 month following the date the election is received by the system.

598           (5) In the event the election of an optional benefit is made  
599 after the member has attained the age of sixty-five (65) years,  
600 the actuarial equivalent factor shall be used to compute the  
601 reduced retirement allowance as if the election had been made on  
602 his sixty-fifth birthday; however, from and after January 1, 2003,  
603 if there is an election of Option 6 after the member has attained  
604 the age of sixty-five (65) years, the actuarial equivalent factor  
605 based on the retiree's age at the time of retirement shall be used  
606 to compute the reduced maximum monthly retirement allowance.  
607 However, if a retiree marries or remarries after retirement and  
608 elects either Option 2 or Option 4-A as provided in subsection (2)  
609 or (4) of this section, the actuarial equivalent factor used to  
610 compute the reduced retirement allowance shall be the factor for  
611 the age of the retiree and his or her beneficiary at the time such  
612 election for recalculation of benefits is made.

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

617           (7) If a retirant and his eligible beneficiary, if any, both  
618 die before they have received in annuity payments a total amount  
619 equal to the accumulated contributions standing to the retirant's  
620 credit in the annuity savings account at the time of his

621 retirement, the difference between the accumulated contributions  
622 and the total amount of annuities received by them shall be paid  
623 to such persons as the retirant has nominated by written  
624 designation duly executed and filed in the office of the executive  
625 director. If no designated person survives the retirant and his  
626 beneficiary, the difference, if any, shall be paid pursuant to  
627 Section 25-11-117.1(1).

628 (8) Any retired member who retired on Option 2(5) or 4-A(5)  
629 prior to July 1, 1992, who is still receiving a retirement  
630 allowance on July 1, 1994, shall receive an increase in the annual  
631 retirement allowance effective July 1, 1994, equal to the amount  
632 they would have received under Option 2 or Option 4-A without a  
633 reduction for Option 5 based on the ages at retirement of the  
634 retiree and beneficiary and option factors in effect on July 1,  
635 1992. Such increase shall be prospective only.

636 **SECTION 4.** This act shall take effect and be in force from  
637 and after its passage.