

By: Senator(s) Robertson

To: Finance

COMMITTEE SUBSTITUTE
FOR
SENATE BILL NO. 2689

1 AN ACT TO AMEND SECTIONS 25-11-103, 25-11-105, 25-11-109,
2 25-11-111, 25-11-113, 25-11-114, 25-11-115 AND 25-11-117,
3 MISSISSIPPI CODE OF 1972, TO PROVIDE THAT PERSONS WHO BECOME
4 MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM ON OR AFTER
5 JULY 1, 2006, MAY RETIRE AT AGE 60 IF THEY HAVE AT LEAST 10 YEARS
6 OF CREDITABLE SERVICE OR AT AGE 55 IF THEY HAVE AT LEAST 30 YEARS
7 OF CREDITABLE SERVICE; TO PROVIDE THAT PERSONS WHO BECOME MEMBERS
8 OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM ON OR AFTER JULY 1,
9 2006, MUST HAVE AT LEAST 10 YEARS OF SERVICE CREDIT BEFORE VARIOUS
10 BENEFITS ACCRUE AND BEFORE VARIOUS TYPES OF SERVICE MAY BE CLAIMED
11 AS CREDITABLE SERVICE; TO AMEND SECTION 25-13-11, MISSISSIPPI CODE
12 OF 1972, TO PROVIDE THAT MEMBERS OF THE HIGHWAY SAFETY PATROL
13 RETIREMENT SYSTEM WHO BECOME MEMBERS OF THE SYSTEM ON OR AFTER
14 JULY 1, 2006, SHALL NOT HAVE THE OPTION OF RETIRING UPON OR AFTER
15 THE ATTAINMENT OF 45 YEARS OF AGE WITH 20 YEARS OF CREDITABLE
16 SERVICE; TO AMEND SECTIONS 25-11-123, 25-11-141, 25-15-3, 25-15-9,
17 25-15-11, 25-15-14, 25-15-15 AND 25-15-103, MISSISSIPPI CODE OF
18 1972, TO REMOVE PROVISIONS THAT RELATE TO A PLAN OF HEALTH
19 INSURANCE FOR ALL CURRENT AND FUTURE RETIREES DESIGNED BY THE
20 BOARD OF TRUSTEES OF THE PUBLIC EMPLOYEES RETIREMENT SYSTEM; TO
21 REPEAL SECTIONS 25-11-143 AND 25-11-145, MISSISSIPPI CODE OF 1972,
22 WHICH REQUIRE THE BOARD OF TRUSTEES OF THE PUBLIC EMPLOYEES
23 RETIREMENT SYSTEM TO DESIGN AND PLAN OF HEALTH INSURANCE FOR ALL
24 CURRENT AND FUTURE RETIREES THAT SHALL BE IMPLEMENTED WHEN THE
25 UNFUNDED LIABILITY OF THE SYSTEM REACHES A CERTAIN LEVEL AND
26 PROVIDE THE MANNER IN WHICH THE FUNDS RECEIVE BY THE PROGRAM SHALL
27 BE INVESTED; AND FOR RELATED PURPOSES.

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

29 **SECTION 1.** Section 25-11-103, Mississippi Code of 1972, is
30 amended as follows:

31 25-11-103. The following words and phrases as used in
32 Articles 1 and 3, unless a different meaning is plainly required
33 by the context, have the following meanings:

34 (a) "Accumulated contributions" means the sum of all
35 the amounts deducted from the compensation of a member and
36 credited to his individual account in the annuity savings account,
37 together with regular interest as provided in Section 25-11-123.

38 (b) "Actuarial cost" means the amount of funds
39 presently required to provide future benefits as determined by the

40 board based on applicable tables and formulas provided by the
41 actuary.

42 (c) "Actuarial equivalent" means a benefit of equal
43 value to the accumulated contributions, annuity or benefit, as the
44 case may be, when computed upon the basis of such mortality tables
45 as adopted by the board of trustees, and regular interest.

46 (d) "Actuarial tables" means such tables of mortality
47 and rates of interest as adopted by the board in accordance with
48 the recommendation of the actuary.

49 (e) "Agency" means any governmental body employing
50 persons in the state service.

51 (f) "Average compensation" means the average of the
52 four (4) highest years of earned compensation reported for an
53 employee in a fiscal or calendar year period, or combination
54 thereof that do not overlap, or the last forty-eight (48)
55 consecutive months of earned compensation reported for an
56 employee. The four (4) years need not be successive or joined
57 years of service. In no case shall the average compensation so
58 determined be in excess of One Hundred Fifty Thousand Dollars
59 (\$150,000.00). In computing the average compensation, any amount
60 lawfully paid in a lump sum for personal leave or major medical
61 leave shall be included in the calculation to the extent that the
62 amount does not exceed an amount that is equal to thirty (30) days
63 of earned compensation and to the extent that it does not cause
64 the employees' earned compensation to exceed the maximum
65 reportable amount specified in Section 25-11-103(k); however, this
66 thirty-day limitation shall not prevent the inclusion in the
67 calculation of leave earned under federal regulations before July
68 1, 1976, and frozen as of that date as referred to in Section
69 25-3-99. Only the amount of lump-sum pay for personal leave due
70 and paid upon the death of a member attributable for up to one
71 hundred fifty (150) days shall be used in the deceased member's
72 average compensation calculation in determining the beneficiary's

73 benefits. In computing the average compensation, no amounts shall
74 be used that are in excess of the amount on which contributions
75 were required and paid, and no nontaxable amounts paid by the
76 employer for health or life insurance premiums for the employee
77 shall be used. If any member who is or has been granted any
78 increase in annual salary or compensation of more than eight
79 percent (8%) retires within twenty-four (24) months from the date
80 that the increase becomes effective, then the board shall exclude
81 that part of the increase in salary or compensation that exceeds
82 eight percent (8%) in calculating that member's average
83 compensation for retirement purposes. The board may enforce this
84 provision by rule or regulation. However, increases in
85 compensation in excess of eight percent (8%) per year granted
86 within twenty-four (24) months of the date of retirement may be
87 included in the calculation of average compensation if
88 satisfactory proof is presented to the board showing that the
89 increase in compensation was the result of an actual change in the
90 position held or services rendered, or that the compensation
91 increase was authorized by the State Personnel Board or was
92 increased as a result of statutory enactment, and the employer
93 furnishes an affidavit stating that the increase granted within
94 the last twenty-four (24) months was not contingent on a promise
95 or agreement of the employee to retire. Nothing in Section
96 25-3-31 shall affect the calculation of the average compensation
97 of any member for the purposes of this article. The average
98 compensation of any member who retires before July 1, 1992, shall
99 not exceed the annual salary of the Governor.

100 (g) "Beneficiary" means any person entitled to receive
101 a retirement allowance, an annuity or other benefit as provided by
102 Articles 1 and 3. The term "beneficiary" may also include an
103 organization, estate, trust or entity; however, a beneficiary
104 designated or entitled to receive monthly payments under an
105 optional settlement based on life contingency or pursuant to a

106 statutory monthly benefit may only be a natural person. In the
107 event of the death before retirement of any member who became a
108 member of the system before July 1, 2006, and whose spouse and/or
109 children are not entitled to a retirement allowance on the basis
110 that the member has less than four (4) years of service credit, or
111 who became a member of the system on or after July 1, 2006, and
112 whose spouse and/or children are not entitled to a retirement
113 allowance on the basis that the member has less than ten (10)
114 years of service credit, and/or has not been married for a minimum
115 of one (1) year or the spouse has waived his or her entitlement to
116 a retirement allowance under Section 25-11-114, the lawful spouse
117 of a member at the time of the death of the member shall be the
118 beneficiary of the member unless the member has designated another
119 beneficiary after the date of marriage in writing, and filed that
120 writing in the office of the executive director of the board of
121 trustees. No designation or change of beneficiary shall be made
122 in any other manner.

123 (h) "Board" means the board of trustees provided in
124 Section 25-11-15 to administer the retirement system created under
125 this article.

126 (i) "Creditable service" means "prior service,"
127 "retroactive service" and all lawfully credited unused leave not
128 exceeding the accrual rates and limitations provided in Section
129 25-3-91 et seq., as of the date of withdrawal from service plus
130 "membership service" for which credit is allowable as provided in
131 Section 25-11-109. Except to limit creditable service reported to
132 the system for the purpose of computing an employee's retirement
133 allowance or annuity or benefits provided in this article, nothing
134 in this paragraph shall limit or otherwise restrict the power of
135 the governing authority of a municipality or other political
136 subdivision of the state to adopt such vacation and sick leave
137 policies as it deems necessary.

138 (j) "Child" means either a natural child of the member,
139 a child that has been made a child of the member by applicable
140 court action before the death of the member, or a child under the
141 permanent care of the member at the time of the latter's death,
142 which permanent care status shall be determined by evidence
143 satisfactory to the board.

144 (k) "Earned compensation" means the full amount earned
145 by an employee for a given pay period including any maintenance
146 furnished up to a maximum of One Hundred Fifty Thousand Dollars
147 (\$150,000.00) per year, and proportionately for less than one (1)
148 year of service. The value of that maintenance when not paid in
149 money shall be fixed by the employing state agency, and, in case
150 of doubt, by the board of trustees as defined in Section 25-11-15.
151 Earned compensation shall not include any nontaxable amounts paid
152 by the employer for health or life insurance premiums for an
153 employee. In any case, earned compensation shall be limited to
154 the regular periodic compensation paid, exclusive of litigation
155 fees, bond fees, and other similar extraordinary nonrecurring
156 payments. In addition, any member in a covered position, as
157 defined by Public Employees' Retirement System laws and
158 regulations, who is also employed by another covered agency or
159 political subdivision shall have the earnings of that additional
160 employment reported to the Public Employees' Retirement System
161 regardless of whether the additional employment is sufficient in
162 itself to be a covered position. In addition, computation of
163 earned compensation shall be governed by the following:

164 (i) In the case of constables, the net earnings
165 from their office after deduction of expenses shall apply, except
166 that in no case shall earned compensation be less than the total
167 direct payments made by the state or governmental subdivisions to
168 the official.

169 (ii) In the case of chancery or circuit clerks,
170 the net earnings from their office after deduction of expenses
171 shall apply as expressed in Section 25-11-123(f)(4).

172 (iii) In the case of members of the State
173 Legislature, all remuneration or amounts paid, except mileage
174 allowance, shall apply.

175 (iv) The amount by which an eligible employee's
176 salary is reduced under a salary reduction agreement authorized
177 under Section 25-17-5 shall be included as earned compensation
178 under this paragraph, provided this inclusion does not conflict
179 with federal law, including federal regulations and federal
180 administrative interpretations under the federal law, pertaining
181 to the Federal Insurance Contributions Act or to Internal Revenue
182 Code Section 125 cafeteria plans.

183 (v) Compensation in addition to an employee's base
184 salary that is paid to the employee under the vacation and sick
185 leave policies of a municipality or other political subdivision of
186 the state that employs him that exceeds the maximums authorized by
187 Section 25-3-91 et seq. shall be excluded from the calculation of
188 earned compensation under this article.

189 (vi) The maximum salary applicable for retirement
190 purposes before July 1, 1992, shall be the salary of the Governor.

191 (vii) Nothing in Section 25-3-31 shall affect the
192 determination of the earned compensation of any member for the
193 purposes of this article.

194 (1) "Employee" means any person legally occupying a
195 position in the state service, and shall include the employees of
196 the retirement system created under this article.

197 (m) "Employer" means the State of Mississippi or any of
198 its departments, agencies or subdivisions from which any employee
199 receives his compensation.

200 (n) "Executive director" means the secretary to the
201 board of trustees, as provided in Section 25-11-15(9), and the

202 administrator of the Public Employees' Retirement System and all
203 systems under the management of the board of trustees. Wherever
204 the term "Executive Secretary of the Public Employees' Retirement
205 System" or "executive secretary" appears in this article or in any
206 other provision of law, it shall be construed to mean the
207 Executive Director of the Public Employees' Retirement System.

208 (o) "Fiscal year" means the period beginning on July 1
209 of any year and ending on June 30 of the next succeeding year.

210 (p) "Medical board" means the board of physicians or
211 any governmental or nongovernmental disability determination
212 service designated by the board of trustees that is qualified to
213 make disability determinations as provided for in Section
214 25-11-119.

215 (q) "Member" means any person included in the
216 membership of the system as provided in Section 25-11-105.

217 (r) "Membership service" means service as an employee
218 rendered while a member of the retirement system.

219 (s) "Position" means any office or any employment in
220 the state service, or two (2) or more of them, the duties of which
221 call for services to be rendered by one (1) person, including
222 positions jointly employed by federal and state agencies
223 administering federal and state funds. The employer shall
224 determine upon initial employment and during the course of
225 employment of an employee who does not meet the criteria for
226 coverage in the Public Employees' Retirement System based on the
227 position held, whether the employee is or becomes eligible for
228 coverage in the Public Employees' Retirement System based upon any
229 other employment in a covered agency or political subdivision. If
230 or when the employee meets the eligibility criteria for coverage
231 in the other position, then the employer must withhold
232 contributions and report wages from the noncovered position in
233 accordance with the provisions for reporting of earned
234 compensation. Failure to deduct and report those contributions

235 shall not relieve the employee or employer of liability thereof.
236 The board shall adopt such rules and regulations as necessary to
237 implement and enforce this provision.

238 (t) "Prior service" means:

239 (i) For persons who became members of the system
240 before July 1, 2006, service rendered before February 1, 1953, for
241 which credit is allowable under Sections 25-11-105 and 25-11-109,
242 and which shall allow prior service for any person who is now or
243 becomes a member of the Public Employees' Retirement System and
244 who does contribute to the system for a minimum period of four (4)
245 years.

246 (ii) For persons who became members of the system
247 on or after July 1, 2006, service rendered before February 1,
248 1953, for which credit is allowable under Sections 25-11-105 and
249 25-11-109, and which shall allow prior service for any person who
250 is now or becomes a member of the Public Employees' Retirement
251 System and who does contribute to the system for a minimum period
252 of ten (10) years.

253 (u) "Regular interest" means interest compounded
254 annually at such a rate as determined by the board in accordance
255 with Section 25-11-121.

256 (v) "Retirement allowance" means an annuity for life as
257 provided in this article, payable each year in twelve (12) equal
258 monthly installments beginning as of the date fixed by the board.
259 The retirement allowance shall be calculated in accordance with
260 Section 25-11-111. However, any spouse who received a spouse
261 retirement benefit in accordance with Section 25-11-111(d) before
262 March 31, 1971, and those benefits were terminated because of
263 eligibility for a social security benefit, may again receive his
264 spouse retirement benefit from and after making application with
265 the board of trustees to reinstate the spouse retirement benefit.

266 (w) "Retroactive service" means service rendered after
267 February 1, 1953, for which credit is allowable under Section
268 25-11-105(b) and Section 25-11-105(k).

269 (x) "System" means the Public Employees' Retirement
270 System of Mississippi established and described in Section
271 25-11-101.

272 (y) "State" means the State of Mississippi or any
273 political subdivision thereof or instrumentality of the state.

274 (z) "State service" means all offices and positions of
275 trust or employment in the employ of the state, or any political
276 subdivision or instrumentality of the state, that elect to
277 participate as provided by Section 25-11-105(f), including the
278 position of elected or fee officials of the counties and their
279 deputies and employees performing public services or any
280 department, independent agency, board or commission thereof, and
281 also includes all offices and positions of trust or employment in
282 the employ of joint state and federal agencies administering state
283 and federal funds and service rendered by employees of the public
284 schools. Effective July 1, 1973, all nonprofessional public
285 school employees, such as bus drivers, janitors, maids,
286 maintenance workers and cafeteria employees, shall have the option
287 to become members in accordance with Section 25-11-105(b), and
288 shall be eligible to receive credit for services before July 1,
289 1973, provided that the contributions and interest are paid by the
290 employee in accordance with that section; in addition, the county
291 or municipal separate school district may pay the employer
292 contribution and pro rata share of interest of the retroactive
293 service from available funds. From and after July 1, 1998,
294 retroactive service credit shall be purchased at the actuarial
295 cost in accordance with Section 25-11-105(b).

296 (aa) "Withdrawal from service" or "termination from
297 service" means complete severance of employment in the state
298 service of any member by resignation, dismissal or discharge.

299 (bb) The masculine pronoun, wherever used, includes the
300 feminine pronoun.

301 **SECTION 2.** Section 25-11-105, Mississippi Code of 1972, is
302 amended as follows:

303 25-11-105. **I. THOSE WHO ARE ELIGIBLE FOR MEMBERSHIP**

304 The membership of this retirement system shall be composed as
305 follows:

306 (a) (i) All persons who become employees in the state
307 service after January 31, 1953, and whose wages are subject to
308 payroll taxes and are lawfully reported on IRS Form W-2, except
309 those specifically excluded, or as to whom election is provided in
310 Articles 1 and 3, shall become members of the retirement system as
311 a condition of their employment.

312 (ii) From and after July 1, 2002, any individual
313 who is employed by a governmental entity to perform professional
314 services shall become a member of the system if the individual is
315 paid regular periodic compensation for those services that is
316 subject to payroll taxes, is provided all other employee benefits
317 and meets the membership criteria established by the regulations
318 adopted by the board of trustees that apply to all other members
319 of the system; however, any active member employed in such a
320 position on July 1, 2002, will continue to be an active member for
321 as long as they are employed in any such position.

322 (b) All persons who become employees in the state
323 service after January 31, 1953, except those specifically excluded
324 or as to whom election is provided in Articles 1 and 3, unless
325 they file with the board before the lapse of sixty (60) days of
326 employment or sixty (60) days after the effective date of the
327 cited articles, whichever is later, on a form prescribed by the
328 board, a notice of election not to be covered by the membership of
329 the retirement system and a duly executed waiver of all present
330 and prospective benefits that would otherwise inure to them on
331 account of their participation in the system, shall become members

332 of the retirement system; however, no credit for prior service
333 will be granted to members who became members of the system before
334 July 1, 2006, until they have contributed to Article 3 of the
335 retirement system for a minimum period of at least four (4) years,
336 or to members who became members of the system on or after July 1,
337 2006, until they have contributed to Article 3 of the retirement
338 system for a minimum period of at least ten (10) years. Those
339 members shall receive credit for services performed before January
340 1, 1953, in employment now covered by Article 3, but no credit
341 shall be granted for retroactive services between January 1, 1953,
342 and the date of their entry into the retirement system, unless the
343 employee pays into the retirement system both the employer's and
344 the employee's contributions on wages paid him during the period
345 from January 31, 1953, to the date of his becoming a contributing
346 member, together with interest at the rate determined by the board
347 of trustees. Members reentering after withdrawal from service
348 shall qualify for prior service under the provisions of Section
349 25-11-117. From and after July 1, 1998, upon eligibility as noted
350 above, the member may receive credit for such retroactive service
351 provided:

352 (1) The member shall furnish proof satisfactory to
353 the board of trustees of certification of that service from the
354 covered employer where the services were performed; and

355 (2) The member shall pay to the retirement system
356 on the date he or she is eligible for that credit or at any time
357 thereafter before the date of retirement the actuarial cost for
358 each year of that creditable service. The provisions of this
359 subparagraph (2) shall be subject to the limitations of Section
360 415 of the Internal Revenue Code and regulations promulgated under
361 Section 415.

362 Nothing contained in this paragraph (b) shall be construed to
363 limit the authority of the board to allow the correction of

364 reporting errors or omissions based on the payment of the employee
365 and employer contributions plus applicable interest.

366 (c) All persons who become employees in the state
367 service after January 31, 1953, and who are eligible for
368 membership in any other retirement system shall become members of
369 this retirement system as a condition of their employment, unless
370 they elect at the time of their employment to become a member of
371 that other system.

372 (d) All persons who are employees in the state service
373 on January 31, 1953, and who are members of any nonfunded
374 retirement system operated by the State of Mississippi, or any of
375 its departments or agencies, shall become members of this system
376 with prior service credit unless, before February 1, 1953, they
377 file a written notice with the board of trustees that they do not
378 elect to become members.

379 (e) All persons who are employees in the state service
380 on January 31, 1953, and who under existing laws are members of
381 any fund operated for the retirement of employees by the State of
382 Mississippi, or any of its departments or agencies, shall not be
383 entitled to membership in this retirement system unless, before
384 February 1, 1953, any such person indicates by a notice filed with
385 the board, on a form prescribed by the board, his individual
386 election and choice to participate in this system, but no such
387 person shall receive prior service credit unless he becomes a
388 member on or before February 1, 1953.

389 (f) Each political subdivision of the state and each
390 instrumentality of the state or a political subdivision, or both,
391 is authorized to submit, for approval by the board of trustees, a
392 plan for extending the benefits of this article to employees of
393 any such political subdivision or instrumentality. Each such plan
394 or any amendment to the plan for extending benefits thereof shall
395 be approved by the board of trustees if it finds that the plan, or
396 the plan as amended, is in conformity with such requirements as

397 are provided in Articles 1 and 3; however, upon approval of the
398 plan or any such plan previously approved by the board of
399 trustees, the approved plan shall not be subject to cancellation
400 or termination by the political subdivision or instrumentality,
401 except that any community hospital serving a municipality that
402 joined the Public Employees' Retirement System as of November 1,
403 1956, to offer social security coverage for its employees and
404 subsequently extended retirement annuity coverage to its employees
405 as of December 1, 1965, may, upon documentation of extreme
406 financial hardship, have future retirement annuity coverage
407 cancelled or terminated at the discretion of the board of
408 trustees. No such plan shall be approved unless:

409 (1) It provides that all services that constitute
410 employment as defined in Section 25-11-5 and are performed in the
411 employ of the political subdivision or instrumentality, by any
412 employees thereof, shall be covered by the plan, with the
413 exception of municipal employees who are already covered by
414 existing retirement plans; however, those employees in this class
415 may elect to come under the provisions of this article;

416 (2) It specifies the source or sources from which
417 the funds necessary to make the payments required by paragraph (d)
418 of Section 25-11-123 and of paragraph (f)(5)B and C of this
419 section are expected to be derived and contains reasonable
420 assurance that those sources will be adequate for that purpose;

421 (3) It provides for such methods of administration
422 of the plan by the political subdivision or instrumentality as are
423 found by the board of trustees to be necessary for the proper and
424 efficient administration thereof;

425 (4) It provides that the political subdivision or
426 instrumentality will make such reports, in such form and
427 containing such information, as the board of trustees may from
428 time to time require;

429 (5) It authorizes the board of trustees to
430 terminate the plan in its entirety in the discretion of the board
431 if it finds that there has been a failure to comply substantially
432 with any provision contained in the plan, the termination to take
433 effect at the expiration of such notice and on such conditions as
434 may be provided by regulations of the board and as may be
435 consistent with applicable federal law.

436 A. The board of trustees shall not finally
437 refuse to approve a plan submitted under paragraph (f), and shall
438 not terminate an approved plan without reasonable notice and
439 opportunity for hearing to each political subdivision or
440 instrumentality affected by the board's decision. The board's
441 decision in any such case shall be final, conclusive and binding
442 unless an appeal is taken by the political subdivision or
443 instrumentality aggrieved by the decision to the Circuit Court of
444 Hinds County, Mississippi, in accordance with the provisions of
445 law with respect to civil causes by certiorari.

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

453 C. Every political subdivision or
454 instrumentality required to make payments under paragraph (f)(5)B
455 of this section is authorized, in consideration of the employees'
456 retention in or entry upon employment after enactment of Articles
457 1 and 3, to impose upon its employees, as to services that are
458 covered by an approved plan, a contribution with respect to wages
459 (as defined in Section 25-11-5) not exceeding the amount provided
460 in Section 25-11-123(d) if those services constituted employment
461 within the meaning of Articles 1 and 3, and to deduct the amount

462 of the contribution from the wages as and when paid.
463 Contributions so collected shall be paid into the contribution
464 fund as partial discharge of the liability of the political
465 subdivisions or instrumentalities under paragraph (f)(5)B of this
466 section. Failure to deduct the contribution shall not relieve the
467 employee or employer of liability for the contribution.

468 D. Any state agency, school, political
469 subdivision, instrumentality or any employer that is required to
470 submit contribution payments or wage reports under any section of
471 this chapter shall be assessed interest on delinquent payments or
472 wage reports as determined by the board of trustees in accordance
473 with rules and regulations adopted by the board and delinquent
474 payments, assessed interest and any other amount certified by the
475 board as owed by an employer, may be recovered by action in a
476 court of competent jurisdiction against the reporting agency
477 liable therefor or may, upon due certification of delinquency and
478 at the request of the board of trustees, be deducted from any
479 other monies payable to the reporting agency by any department or
480 agency of the state.

481 E. Each political subdivision of the state
482 and each instrumentality of the state or a political subdivision
483 or subdivisions that submit a plan for approval of the board, as
484 provided in this section, shall reimburse the board for coverage
485 into the expense account, its pro rata share of the total expense
486 of administering Articles 1 and 3 as provided by regulations of
487 the board.

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

494 (h) An employee whose membership in this system is
495 contingent on his own election, and who elects not to become a
496 member, may thereafter apply for and be admitted to membership;
497 but no such employee shall receive prior service credit unless he
498 becomes a member before July 1, 1953, except as provided in
499 paragraph (b).

500 (i) If any member of this system changes his employment
501 to any agency of the state having an actuarially funded retirement
502 system, the board of trustees may authorize the transfer of the
503 member's creditable service and of the present value of the
504 member's employer's accumulation account and of the present value
505 of the member's accumulated membership contributions to that other
506 system, provided that the employee agrees to the transfer of his
507 accumulated membership contributions and provided that the other
508 system is authorized to receive and agrees to make the transfer.

509 If any member of any other actuarially funded system
510 maintained by an agency of the state changes his employment to an
511 agency covered by this system, the board of trustees may authorize
512 the receipt of the transfer of the member's creditable service and
513 of the present value of the member's employer's accumulation
514 account and of the present value of the member's accumulated
515 membership contributions from the other system, provided that the
516 employee agrees to the transfer of his accumulated membership
517 contributions to this system and provided that the other system is
518 authorized and agrees to make the transfer.

519 (j) Wherever state employment is referred to in this
520 section, it includes joint employment by state and federal
521 agencies of all kinds.

522 (k) Employees of a political subdivision or
523 instrumentality who were employed by the political subdivision or
524 instrumentality before an agreement between the entity and the
525 Public Employees' Retirement System to extend the benefits of this
526 article to its employees, and which agreement provides for the

527 establishment of retroactive service credit, and who have been
528 members of the retirement system who became members of the system
529 before July 1, 2006, and have remained contributors to the
530 retirement system for four (4) years, or who became members of the
531 system on or after July 1, 2006, and have remained contributors to
532 the retirement system for ten (10) years, may receive credit for
533 that retroactive service with the political subdivision or
534 instrumentality, provided that the employee and/or employer, as
535 provided under the terms of the modification of the joinder
536 agreement in allowing that coverage, pay into the retirement
537 system the employer's and employee's contributions on wages paid
538 the member during the previous employment, together with interest
539 or actuarial cost as determined by the board covering the period
540 from the date the service was rendered until the payment for the
541 credit for the service was made. Those wages shall be verified by
542 the Social Security Administration or employer payroll records.
543 Effective July 1, 1998, upon eligibility as noted above, a member
544 may receive credit for that retroactive service with the political
545 subdivision or instrumentality provided:

546 (1) The member shall furnish proof satisfactory to
547 the board of trustees of certification of those services from the
548 political subdivision or instrumentality where the services were
549 rendered or verification by the Social Security Administration;
550 and

551 (2) The member shall pay to the retirement system
552 on the date he or she is eligible for that credit or at any time
553 thereafter before the date of retirement the actuarial cost for
554 each year of that creditable service. The provisions of this
555 subparagraph (2) shall be subject to the limitations of Section
556 415 of the Internal Revenue Code and regulations promulgated under
557 Section 415.

558 Nothing contained in this paragraph (k) shall be construed to
559 limit the authority of the board to allow the correction of

560 reporting errors or omissions based on the payment of employee and
561 employer contributions plus applicable interest. Payment for that
562 time shall be made in increments of not less than one-quarter
563 (1/4) year of creditable service beginning with the most recent
564 service. Upon the payment of all or part of the required
565 contributions, plus interest or the actuarial cost as provided
566 above, the member shall receive credit for the period of
567 creditable service for which full payment has been made to the
568 retirement system.

569 (1) Through June 30, 1998, any state service eligible
570 for retroactive service credit, no part of which has ever been
571 reported, and requiring the payment of employee and employer
572 contributions plus interest, or, from and after July 1, 1998, any
573 state service eligible for retroactive service credit, no part of
574 which has ever been reported to the retirement system, and
575 requiring the payment of the actuarial cost for that creditable
576 service, may, at the member's option, be purchased in quarterly
577 increments as provided above at the time that its purchase is
578 otherwise allowed.

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

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

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

586 (a) Patient or inmate help in state charitable, penal
587 or correctional institutions;

588 (b) Students of any state educational institution
589 employed by any agency of the state for temporary, part-time or
590 intermittent work;

591 (c) Participants of Comprehensive Employment and
592 Training Act of 1973 (CETA) being Public Law 93-203, who enroll on
593 or after July 1, 1979;

594 (d) From and after July 1, 2002, individuals who are
595 employed by a governmental entity to perform professional service
596 on less than a full-time basis who do not meet the criteria
597 established in I(a)(ii) of this section.

598 **III. TERMINATION OF MEMBERSHIP**

599 Membership in this system shall cease by a member withdrawing
600 his accumulated contributions, or by a member withdrawing from
601 active service with a retirement allowance, or by a member's
602 death.

603 **SECTION 3.** Section 25-11-109, Mississippi Code of 1972, is
604 amended as follows:

605 25-11-109. (1) Under such rules and regulations as the
606 board of trustees shall adopt, each person who becomes a member of
607 this retirement system, as provided in Section 25-11-105, on or
608 prior to July 1, 1953, or who became a member of the system before
609 July 1, 2006, and contributes to the system for a minimum period
610 of four (4) years, or who became a member of the system on or
611 after July 1, 2006, and contributes to the system for a minimum
612 period of ten (10) years, shall receive credit for all state
613 service rendered before February 1, 1953. To receive such credit,
614 such member shall file a detailed statement of all services as an
615 employee rendered by him in the state service before February 1,
616 1953. For any member who joined the system after July 1, 1953,
617 and before July 1, 2006, any creditable service for which the
618 member is not required to make contributions shall not be credited
619 to the member until the member has contributed to the system for a
620 minimum period of at least four (4) years. For any member who
621 joined the system on or after July 1, 2006, any creditable service
622 for which the member is not required to make contributions shall

623 not be credited to the member until the member has contributed to
624 the system for a minimum period of at least ten (10) years.

625 (2) In the computation of membership service or prior
626 service under the provisions of this article, the total months of
627 accumulative service during any fiscal year shall be calculated in
628 accordance with the schedule as follows: ten (10) or more months
629 of creditable service during any fiscal year shall constitute a
630 year of creditable service; seven (7) months to nine (9) months
631 inclusive, three-quarters (3/4) of a year of creditable service;
632 four (4) months to six (6) months inclusive, one-half-year of
633 creditable service; one (1) month to three (3) months inclusive,
634 one-quarter (1/4) of a year of creditable service. In no case
635 shall credit be allowed for any period of absence without
636 compensation except for disability while in receipt of a
637 disability retirement allowance, nor shall less than fifteen (15)
638 days of service in any month, or service less than the equivalent
639 of one-half (1/2) of the normal working load for the position and
640 less than one-half (1/2) of the normal compensation for the
641 position in any month, constitute a month of creditable service,
642 nor shall more than one (1) year of service be creditable for all
643 services rendered in any one (1) fiscal year; however, for a
644 school employee, substantial completion of the legal school term
645 when and where the service was rendered shall constitute a year of
646 service credit for both prior service and membership service. Any
647 state or local elected official shall be deemed a full-time
648 employee for the purpose of creditable service for prior service
649 or membership service. However, an appointed or elected official
650 compensated on a per diem basis only shall not be allowed
651 creditable service for terms of office.

652 In the computation of any retirement allowance or any annuity
653 or benefits provided in this article, any fractional period of
654 service of less than one (1) year shall be taken into account and
655 a proportionate amount of such retirement allowance, annuity or

656 benefit shall be granted for any such fractional period of
657 service.

658 In the computation of unused leave for creditable service
659 authorized in Section 25-11-103, the following shall govern:
660 twenty-one (21) days of unused leave shall constitute one (1)
661 month of creditable service and in no case shall credit be allowed
662 for any period of unused leave of less than fifteen (15) days.
663 The number of months of unused leave shall determine the number of
664 quarters or years of creditable service in accordance with the
665 above schedule for membership and prior service. In order for the
666 member to receive creditable service for the number of days of
667 unused leave, the system must receive certification from the
668 governing authority.

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

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

676 (b) For service on and after July 1, 1984, the member
677 shall receive credit for personal and major medical leave
678 beginning July 1, 1984, at the rates authorized in Sections
679 25-3-93 and 25-3-95, computed as a full-time employee.

680 (3) Subject to the above restrictions and to such other
681 rules and regulations as the board may adopt, the board shall
682 verify, as soon as practicable after the filing of such statements
683 of service, the services therein claimed.

684 (4) Upon verification of the statement of prior service, the
685 board shall issue a prior service certificate certifying to each
686 member the length of prior service for which credit shall have
687 been allowed on the basis of his statement of service. So long as
688 membership continues, a prior service certificate shall be final

689 and conclusive for retirement purposes as to such service,
690 provided that any member may within five (5) years from the date
691 of issuance or modification of such certificate request the board
692 of trustees to modify or correct his prior service certificate.
693 Any modification or correction authorized shall only apply
694 prospectively.

695 When membership ceases, such prior service certificates shall
696 become void. Should the employee again become a member, he shall
697 enter the system as an employee not entitled to prior service
698 credit except as provided in Sections 25-11-105(I), 25-11-113 and
699 25-11-117.

700 (5) Creditable service at retirement, on which the
701 retirement allowance of a member shall be based, shall consist of
702 the membership service rendered by him since he last became a
703 member, and also, if he has a prior service certificate which is
704 in full force and effect, the amount of the service certified on
705 his prior service certificate.

706 (6) Any member who served on active duty in the Armed Forces
707 of the United States, who served in the Commissioned Corps of the
708 United States Public Health Service prior to 1972 or who served in
709 maritime service during periods of hostility in World War II,
710 shall be entitled to creditable service at no cost for his service
711 on active duty in the Armed Forces, in the Commissioned Corps of
712 the United States Public Health Service prior to 1972 or in such
713 maritime service, provided he entered state service after his
714 discharge from the Armed Forces or entered state service after he
715 completed such maritime service. The maximum period for such
716 creditable service for all military service as defined in this
717 subsection (6) shall not exceed four (4) years unless positive
718 proof can be furnished by such person that he was retained in the
719 Armed Forces during World War II or in maritime service during
720 World War II by causes beyond his control and without opportunity
721 of discharge. The member shall furnish proof satisfactory to the

722 board of trustees of certification of military service or maritime
723 service records showing dates of entrance into active duty service
724 and the date of discharge. From and after July 1, 1993, no
725 creditable service shall be granted for any military service or
726 maritime service to a member who qualifies for a retirement
727 allowance in another public retirement system administered by the
728 Board of Trustees of the Public Employees' Retirement System based
729 in whole or in part on such military or maritime service. In no
730 case shall the member receive creditable service if the member
731 received a dishonorable discharge from the Armed Forces of the
732 United States.

733 (7) (a) Any member of the Public Employees' Retirement
734 System whose membership service is interrupted as a result of
735 qualified military service within the meaning of Section 414(u)(5)
736 of the Internal Revenue Code, and who has received the maximum
737 service credit available under subsection (6) of this section,
738 shall receive creditable service for the period of qualified
739 military service that does not qualify as creditable service under
740 subsection (6) of this section upon reentering membership service
741 in an amount not to exceed five (5) years if:

742 (i) The member pays the contributions he would
743 have made to the retirement system if he had remained in
744 membership service for the period of qualified military service
745 based upon his salary at the time his membership service was
746 interrupted;

747 (ii) The member returns to membership service
748 within ninety (90) days of the end of his qualified military
749 service; and

750 (iii) The employer at the time the member's
751 service was interrupted and to which employment the member returns
752 pays the contributions it would have made into the retirement
753 system for such period based on the member's salary at the time
754 the service was interrupted.

755 (b) The payments required to be made in paragraph
756 (a)(i) of this subsection may be made over a period beginning with
757 the date of return to membership service and not exceeding three
758 (3) times the member's qualified military service; however, in no
759 event shall such period exceed five (5) years.

760 (c) The member shall furnish proof satisfactory to the
761 board of trustees of certification of military service showing
762 dates of entrance into qualified service and the date of discharge
763 as well as proof that the member has returned to active employment
764 within the time specified.

765 (8) Any member of the Public Employees' Retirement System
766 who became a member of the system before July 1, 2006 and who has
767 at least four (4) years of membership service credit, or who
768 became a member of the system on or after July 1, 2006 and who has
769 at least ten (10) years of membership service credit, shall be
770 entitled to receive a maximum of five (5) years creditable service
771 for service rendered in another state as a public employee of such
772 other state, or a political subdivision, public education system
773 or other governmental instrumentality thereof, or service rendered
774 as a teacher in American overseas dependent schools conducted by
775 the Armed Forces of the United States for children of citizens of
776 the United States residing in areas outside the continental United
777 States, provided that:

778 (a) The member shall furnish proof satisfactory to the
779 board of trustees of certification of such services from the
780 state, public education system, political subdivision or
781 retirement system of the state where the services were performed
782 or the governing entity of the American overseas dependent school
783 where the services were performed; and

784 (b) The member is not receiving or will not be entitled
785 to receive from the public retirement system of the other state or
786 from any other retirement plan, including optional retirement

787 plans, sponsored by the employer, a retirement allowance including
788 such services; and

789 (c) The member shall pay to the retirement system on
790 the date he or she is eligible for credit for such out-of-state
791 service or at any time thereafter prior to date of retirement the
792 actuarial cost as determined by the actuary for each year of
793 out-of-state creditable service. The provisions of this
794 subsection are subject to the limitations of Section 415 of the
795 Internal Revenue Code and regulations promulgated thereunder.

796 (9) Any member of the Public Employees' Retirement System
797 who became a member of the system before July 1, 2006, and has at
798 least four (4) years of membership service credit, or who became a
799 member of the system on or after July 1, 2006, and has at least
800 ten (10) years of membership service credit, and who receives, or
801 has received, professional leave without compensation for
802 professional purposes directly related to the employment in state
803 service shall receive creditable service for the period of
804 professional leave without compensation provided:

805 (a) The professional leave is performed with a public
806 institution or public agency of this state, or another state or
807 federal agency;

808 (b) The employer approves the professional leave
809 showing the reason for granting the leave and makes a
810 determination that the professional leave will benefit the
811 employee and employer;

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

814 (d) The employee shall serve the employer on a
815 full-time basis for a period of time equivalent to the
816 professional leave period granted immediately following the
817 termination of the leave period;

818 (e) The contributing member shall pay to the retirement
819 system the actuarial cost as determined by the actuary for each

820 year of professional leave. The provisions of this subsection are
821 subject to the regulations of the Internal Revenue Code
822 limitations;

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

826 Any actively contributing member participating in the School
827 Administrator Sabbatical Program established in Section 37-9-77
828 shall qualify for continued participation under this subsection
829 (9).

830 (10) Any member of the Public Employees' Retirement System
831 who became a member of the system before July 1, 2006, and has at
832 least four (4) years of credited membership service, or who became
833 a member of the system on or after July 1, 2006, and has at least
834 ten (10) years of credited membership service shall be entitled to
835 receive a maximum of ten (10) years creditable service for:

836 (a) Any service rendered as an employee of any
837 political subdivision of this state, or any instrumentality
838 thereof, which does not participate in the Public Employees'
839 Retirement System; or

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

844 (c) Any service rendered as an employee of any
845 political subdivision of this state, or any instrumentality
846 thereof, for which coverage of the employee's position was or is
847 excluded; provided that the member pays into the retirement system
848 the actuarial cost as determined by the actuary for each year, or
849 portion thereof, of such service. Payment for such service may be
850 made in increments of one-quarter-year of creditable service.

851 After a member has made full payment to the retirement system for
852 all or any part of such service, the member shall receive

853 creditable service for the period of such service for which full
854 payment has been made to the retirement system.

855 **SECTION 4.** Section 25-11-111, Mississippi Code of 1972, is
856 amended as follows:

857 25-11-111. (a) (1) Any member who became a member of the
858 system before July 1, 2006, upon withdrawal from service upon or
859 after attainment of the age of sixty (60) years who shall have
860 completed at least four (4) years of creditable service, or any
861 member who became a member of the system before July 1, 2006, upon
862 withdrawal from service regardless of age who shall have completed
863 at least twenty-five (25) years of creditable service, shall be
864 entitled to receive a retirement allowance which shall begin on
865 the first of the month following the date the member's application
866 for the allowance is received by the board, but in no event before
867 withdrawal from service.

868 (2) Any member who became a member of the system on or
869 after July 1, 2006, upon withdrawal from service upon or after
870 attainment of the age of sixty (60) years who shall have completed
871 at least ten (10) years of creditable service, or any member who
872 became a member of the system on or after July 1, 2006, upon
873 withdrawal from service upon or after attaining the age of
874 fifty-five (55) years who shall have completed at least thirty
875 (30) years of creditable service, shall be entitled to receive a
876 retirement allowance which shall begin on the first of the month
877 following the date the member's application for the allowance is
878 received by the board, but in no event before withdrawal from
879 service.

880 (b) (1) Any member who became a member of the system before
881 July 1, 2006, whose withdrawal from service occurs prior to
882 attaining the age of sixty (60) years who shall have completed
883 four (4) or more years of creditable service and shall not have
884 received a refund of his accumulated contributions, shall be
885 entitled to receive a retirement allowance, beginning upon his

886 attaining the age of sixty (60) years, of the amount earned and
887 accrued at the date of withdrawal from service.

888 (2) Any member who became a member of the system on or
889 after July 1, 2006, whose withdrawal from service occurs prior to
890 attaining the age of sixty (60) years who shall have completed ten
891 (10) or more years of creditable service and shall not have
892 received a refund of his accumulated contributions, shall be
893 entitled to receive a retirement allowance, beginning upon his
894 attaining the age of sixty (60) years, of the amount earned and
895 accrued at the date of withdrawal from service.

896 (c) Any member in service who has qualified for retirement
897 benefits may select any optional method of settlement of
898 retirement benefits by notifying the Executive Director of the
899 Board of Trustees of the Public Employees' Retirement System in
900 writing, on a form prescribed by the board, of the option he has
901 selected and by naming the beneficiary of the option and
902 furnishing necessary proof of age. The option, once selected, may
903 be changed at any time prior to actual retirement or death, but
904 upon the death or retirement of the member, the optional
905 settlement shall be placed in effect upon proper notification to
906 the executive director.

907 (d) The annual amount of the retirement allowance shall
908 consist of:

909 (1) A member's annuity which shall be the actuarial
910 equivalent of the accumulated contributions of the member at the
911 time of retirement computed according to the actuarial table in
912 use by the system; and

913 (2) An employer's annuity which, together with the
914 member's annuity provided above, shall be equal to two percent
915 (2%) of the average compensation for each year of state service up
916 to and including twenty-five (25) years of membership service, and
917 two and one-half percent (2-1/2%) of the average compensation for

918 each year of state service exceeding twenty-five (25) years of
919 membership service; and * * *

920 * * *

921 (3) A prior service annuity equal to two percent (2%)
922 of the average compensation for each year of state service up to
923 and including twenty-five (25) years of prior service, and two and
924 one-half percent (2-1/2%) of the average compensation for each
925 year of state service exceeding twenty-five (25) years of prior
926 service for which the member is allowed credit. * * *

927 * * *

928 (4) Any retired member or beneficiary thereof who was
929 eligible to receive a retirement allowance before July 1, 1991,
930 and who is still receiving a retirement allowance on July 1, 1992,
931 shall receive an increase in the annual retirement allowance of
932 the retired member equal to one-eighth of one percent (1/8 of 1%)
933 of the average compensation for each year of state service in
934 excess of twenty-five (25) years of membership service up to and
935 including thirty (30) years. The maximum increase shall be
936 five-eighths of one percent (5/8 of 1%). In no case shall a
937 member who has been retired prior to July 1, 1987, receive less
938 than Ten Dollars (\$10.00) per month for each year of creditable
939 service and proportionately for each quarter year thereof.
940 Persons retired on or after July 1, 1987, shall receive at least
941 Ten Dollars (\$10.00) per month for each year of service and
942 proportionately for each quarter year thereof reduced for the
943 option selected. However, such Ten Dollars (\$10.00) minimum per
944 month for each year of creditable service shall not apply to a
945 retirement allowance computed under Section 25-11-114 based on a
946 percentage of the member's average compensation.

947 * * *

948 (e) No member, except members excluded by the Age
949 Discrimination in Employment Act Amendments of 1986 (Public Law

950 99-592), under either Article 1 or Article 3 in state service
951 shall be required to retire because of age.

952 (f) No payment on account of any benefit granted under the
953 provisions of this section shall become effective or begin to
954 accrue until January 1, 1953.

955 (g) (1) A retiree or beneficiary may, on a form prescribed
956 by and filed with the retirement system, irrevocably waive all or
957 a portion of any benefits from the retirement system to which the
958 retiree or beneficiary is entitled. Such waiver shall be binding
959 on the heirs and assigns of any retiree or beneficiary and the
960 same must agree to forever hold harmless the Public Employees'
961 Retirement System of Mississippi from any claim to such waived
962 retirement benefits.

963 (2) Any waiver pursuant to this subsection shall apply
964 only to the person executing the waiver. A beneficiary shall be
965 entitled to benefits according to the option selected by the
966 member at the time of retirement. However, a beneficiary may, at
967 the option of the beneficiary, execute a waiver of benefits
968 pursuant to this subsection.

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

972 (4) The board of trustees may provide rules and
973 regulations for the administration of waivers under this
974 subsection.

975 **SECTION 5.** Section 25-11-113, Mississippi Code of 1972, is
976 amended as follows:

977 25-11-113. (1) (a) Upon the application of a member or his
978 employer, any active member in state service who became a member
979 of the system before July 1, 2006, and who has at least four (4)
980 years of membership service credit, or any active member in state
981 service who became a member of the system on or after July 1,
982 2006, who has at least ten (10) years of membership service

983 credit, may be retired by the board of trustees on the first of
984 the month following the date of filing such application on a
985 disability retirement allowance, but in no event shall the
986 disability retirement allowance commence before termination of
987 state service, provided that the medical board, after an
988 evaluation of medical evidence that may or may not include an
989 actual physical examination by the medical board, shall certify
990 that the member is mentally or physically incapacitated for the
991 further performance of duty, that such incapacity is likely to be
992 permanent, and that the member should be retired; however, the
993 board of trustees may accept a disability medical determination
994 from the Social Security Administration in lieu of a certification
995 from the medical board. For the purposes of disability
996 determination, the medical board shall apply the following
997 definition of disability: the inability to perform the usual
998 duties of employment or the incapacity to perform such lesser
999 duties, if any, as the employer, in its discretion, may assign
1000 without material reduction in compensation, or the incapacity to
1001 perform the duties of any employment covered by the Public
1002 Employees' Retirement System (Section 25-11-101 et seq.) that is
1003 actually offered and is within the same general territorial work
1004 area, without material reduction in compensation. The employer
1005 shall be required to furnish the job description and duties of the
1006 member. The employer shall further certify whether the employer
1007 has offered the member other duties and has complied with the
1008 applicable provisions of the Americans With Disabilities Act in
1009 affording reasonable accommodations which would allow the employee
1010 to continue employment.

1011 (b) Any inactive member who became a member of the
1012 system before July 1, 2006, with four (4) or more years of
1013 membership service credit, or any inactive member who became a
1014 member of the system on or after July 1, 2006, with ten (10) or
1015 more years of membership service credit, who has withdrawn from

1016 active state service, is not eligible for a disability retirement
1017 allowance unless the disability occurs within six (6) months of
1018 the termination of active service and unless satisfactory proof is
1019 presented to the board of trustees that the disability was the
1020 direct cause of withdrawal from state service.

1021 (c) Any member who is or becomes eligible for service
1022 retirement benefits under Section 25-11-111 while pursuing a
1023 disability retirement allowance under this section or Section
1024 25-11-114 may elect to receive a service retirement allowance
1025 pending a final determination on eligibility for a disability
1026 retirement allowance or withdrawal of the application for the
1027 disability retirement allowance. In such a case, an application
1028 for a disability retirement allowance must be on file with the
1029 system before the commencement of a service retirement allowance.
1030 If the application is approved, the option selected and
1031 beneficiary designated on the retirement application shall be used
1032 to determine the disability retirement allowance. If the
1033 application is not approved or if the application is withdrawn,
1034 the service retirement allowance shall continue to be paid in
1035 accordance with the option selected. No person may apply for a
1036 disability retirement allowance after the person begins to receive
1037 a service retirement allowance.

1038 (d) If the medical board certifies that the member is
1039 not mentally or physically incapacitated for the future
1040 performance of duty, the member may request, within sixty (60)
1041 days, a hearing before the hearing officer as provided in Section
1042 25-11-120. All hearings shall be held in accordance with rules
1043 and regulations adopted by the board to govern such hearings.
1044 Such hearing may be closed upon the request of the member.

1045 (e) The medical board may request additional medical
1046 evidence and/or other physicians to conduct an evaluation of the
1047 member's condition. If the medical board requests additional

1048 medical evidence and the member refuses the request, the
1049 application shall be considered void.

1050 (2) Allowance on disability retirement.

1051 (a) Upon retirement for disability, an eligible member
1052 shall receive a retirement allowance if he has attained the age of
1053 sixty (60) years.

1054 (b) Except as provided in paragraph (c) of this
1055 subsection (2), an eligible member who is retired for disability
1056 and who has not attained sixty (60) years of age shall receive a
1057 disability benefit as computed in Section 25-11-111(d)(1) through
1058 (d)(4) which shall consist of:

1059 (i) A member's annuity which shall be the
1060 actuarial equivalent of his accumulated contributions at the time
1061 of retirement; and

1062 (ii) An employer's annuity equal to the amount
1063 that would have been payable as a retirement allowance for both
1064 membership service and prior service had the member continued in
1065 service to the age of sixty (60) years, which shall apply to the
1066 allowance for disability retirement paid to retirees receiving
1067 such allowance upon and after April 12, 1977. This employer's
1068 annuity shall be computed on the basis of the average "earned
1069 compensation" as defined in Section 25-11-103.

1070 (c) For persons who become members after June 30, 1992,
1071 and for active members on June 30, 1992, who elect benefits under
1072 this paragraph (c) instead of those provided under paragraph (b)
1073 of this subsection (2), the disability allowance shall consist of
1074 two (2) parts: a temporary allowance and a deferred allowance.

1075 The temporary allowance shall equal the greater of (i) forty
1076 percent (40%) of average compensation at the time of disability,
1077 plus ten percent (10%) of average compensation for each of the
1078 first two (2) dependent children, as defined in Sections 25-11-103
1079 and 25-11-114, or (ii) the accrued benefit based on actual

1080 service. It shall be payable for a period of time based on the
1081 member's age at disability, as follows:

1082	Age at Disability	Duration
1083	60 and earlier	to age 65
1084	61	to age 66
1085	62	to age 66
1086	63	to age 67
1087	64	to age 67
1088	65	to age 68
1089	66	to age 68
1090	67	to age 69
1091	68	to age 70
1092	69 and over	one year

1093 The deferred allowance shall commence when the temporary
1094 allowance ceases and shall be payable for life. The deferred
1095 allowance shall equal the greater of (i) the allowance that would
1096 have been payable had the member continued in service to the
1097 termination age of the temporary allowance, but no more than forty
1098 percent (40%) of average compensation, or (ii) the accrued benefit
1099 based on actual service at the time of disability. The deferred
1100 allowance as determined at the time of disability shall be
1101 adjusted in accordance with Section 25-11-112 for the period
1102 during which the temporary annuity is payable. In no case shall a
1103 member receive less than Ten Dollars (\$10.00) per month for each
1104 year of service and proportionately for each quarter year thereof
1105 reduced for the option selected.

1106 (d) The member may elect to receive the actuarial
1107 equivalent of the disability retirement allowance in a reduced
1108 allowance payable throughout life under any of the provisions of
1109 the options provided under Section 25-11-115.

1110 (e) Should a disability retiree who has not selected an
1111 option under Section 25-11-115 die before being repaid in
1112 disability benefits the sum of his total contributions, then his

1113 named beneficiary shall receive the difference in cash, which
1114 shall apply to all deceased disability retirees from and after
1115 January 1, 1953.

1116 (3) Reexamination of retirees retired on account of
1117 disability. Except as otherwise provided in this section, once
1118 each year during the first five (5) years following retirement of
1119 a member on a disability retirement allowance, and once in every
1120 period of three (3) years thereafter, the board of trustees may,
1121 and upon his application shall, require any disability retiree who
1122 has not yet attained the age of sixty (60) years or the
1123 termination age of the temporary allowance under paragraph (2)(c)
1124 of this section to undergo a medical examination, such examination
1125 to be made at the place of residence of the retiree or other place
1126 mutually agreed upon by a physician or physicians designated by
1127 the board. The board, however, in its discretion, may authorize
1128 the medical board to establish reexamination schedules appropriate
1129 to the medical condition of individual disability retirees.
1130 Should any disability retiree who has not yet attained the age of
1131 sixty (60) years or the termination age of the temporary allowance
1132 under paragraph (2)(c) of this section refuse to submit to any
1133 medical examination provided herein, his allowance may be
1134 discontinued until his withdrawal of such refusal; and should his
1135 refusal continue for one (1) year, all his rights to a disability
1136 benefit shall be revoked by the board of trustees.

1137 (4) If the medical board reports and certifies to the board
1138 of trustees, after a comparable job analysis or other similar
1139 study, that such disability retiree is engaged in, or is able to
1140 engage in, a gainful occupation paying more than the difference
1141 between his disability allowance, exclusive of cost of living
1142 adjustments, and the average compensation, and if the board of
1143 trustees concurs in such report, the disability benefit shall be
1144 reduced to an amount which, together with the amount earnable by
1145 him, shall equal the amount of his average compensation. If his

1146 earning capacity be later changed, the amount of the benefit may
1147 be further modified, provided that the revised benefit shall not
1148 exceed the amount originally granted. A retiree receiving a
1149 disability benefit who is restored to active service at a salary
1150 less than the average compensation shall not become a member of
1151 the retirement system.

1152 (5) Should a disability retiree under the age of sixty (60)
1153 years or the termination age of the temporary allowance under
1154 paragraph (2)(c) of this section be restored to active service at
1155 a compensation not less than his average compensation, his
1156 disability benefit shall cease, he shall again become a member of
1157 the retirement system, and contributions shall be withheld and
1158 reported. Any such prior service certificate, on the basis of
1159 which his service was computed at the time of retirement, shall be
1160 restored to full force and effect. In addition, upon his
1161 subsequent retirement he shall be credited with all creditable
1162 service as a member, but the total retirement allowance paid to
1163 the retired member in his previous retirement shall be deducted
1164 from his retirement reserve and taken into consideration in
1165 recalculating the retirement allowance under a new option
1166 selected.

1167 (6) If following reexamination in accordance with the
1168 provisions contained in this section, the medical board determines
1169 that a retiree retired on account of disability is physically and
1170 mentally able to return to the employment from which he is
1171 retired, the board of trustees, upon certification of such
1172 findings from the medical board, shall, after a reasonable period
1173 of time, terminate the disability allowance, whether or not the
1174 retiree is reemployed or seeks such reemployment. In addition, if
1175 the board of trustees determines that the retiree is no longer
1176 sustaining a loss of income as established by documented evidence
1177 of the retiree's earned income, the eligibility for a disability
1178 allowance shall terminate and the allowance terminated within a

1179 reasonable period of time. In the event the retirement allowance
1180 is terminated under the provisions of this section, the retiree
1181 may subsequently qualify for a retirement allowance under Section
1182 25-11-111 based on actual years of service credit plus credit for
1183 the period during which a disability allowance was paid.

1184 (7) Any current member as of June 30, 1992, who retires on a
1185 disability retirement allowance after June 30, 1992, and who has
1186 not elected to receive benefits under paragraph (2)(c) of this
1187 section, shall relinquish all rights under the Age Discrimination
1188 in Employment Act of 1967, as amended, with regard to the benefits
1189 payable under this section.

1190 **SECTION 6.** Section 25-11-114, Mississippi Code of 1972, is
1191 amended as follows:

1192 25-11-114. (1) The applicable benefits provided in
1193 subsections (2) and (3) of this section shall be paid to eligible
1194 beneficiaries of any member who became a member of the system
1195 before July 1, 2006, and has completed four (4) or more years of
1196 creditable service, or who became a member of the system on or
1197 after July 1, 2006, and has completed ten (10) or more years of
1198 creditable service, and who dies before retirement and who has not
1199 filed a Pre-Retirement Optional Retirement Form as provided in
1200 Section 25-11-111.

1201 (2) (a) The member's surviving spouse who has been married
1202 to the member for not less than one (1) year immediately preceding
1203 his death shall receive an annuity computed in accordance with
1204 paragraph (d) of this subsection (2) as if the member:

1205 (i) Had retired on the date of his death with
1206 entitlement to an annuity provided for in Section 25-11-111,
1207 notwithstanding that he might not have attained age sixty (60), if
1208 he became a member of the system before July 1, 2006,
1209 notwithstanding that he might not have acquired twenty-five (25)
1210 years of creditable service, or if he became a member of the
1211 system on or after July 1, 2006, notwithstanding that he might not

1212 have attained the age of fifty-five (55) years and acquired thirty
1213 (30) years of creditable service;

1214 (ii) Had nominated his spouse as beneficiary; and

1215 (b) If, at the time of the member's death, there are no
1216 dependent children, and the surviving spouse, who otherwise would
1217 receive the annuity under this subsection (2), has filed with the
1218 system a signed written waiver of his or her rights to the annuity
1219 and that waiver was in effect at the time of the member's death, a
1220 lump sum distribution of the deceased member's accumulated
1221 contributions shall be refunded in accordance with Section
1222 25-11-117.

1223 (c) The spouse annuity shall begin on the first day of
1224 the month following the date of the member's death, but in case of
1225 late filing, retroactive payments will be made for a period of not
1226 more than one (1) year.

1227 (d) The spouse annuity shall be payable for life and
1228 shall be the greater of twenty percent (20%) of the deceased
1229 member's average compensation as defined in Section 25-11-103 at
1230 the time of death or Fifty Dollars (\$50.00) monthly. Surviving
1231 spouses of deceased members who previously received spouse
1232 retirement benefits under this paragraph (d) from and after July
1233 1, 1992, and whose benefits were terminated before July 1, 2004,
1234 because of remarriage, may again receive the retirement benefits
1235 authorized under this paragraph (d) by making application with the
1236 board to reinstate those benefits. Any reinstatement of the
1237 benefits shall be prospective only and shall begin after the first
1238 of the month following the date of the application for
1239 reinstatement, but no earlier than July 1, 2004.

1240 (e) However, the spouse may elect by an irrevocable
1241 agreement on a form prescribed by the board of trustees to receive
1242 a monthly allowance as computed under either paragraph (d) or this
1243 paragraph. The irrevocable agreement shall constitute a waiver by
1244 the spouse to any current and future monthly allowance under the

1245 paragraph not elected, and the waiver shall be a complete and full
1246 discharge of all obligations of the retirement system under that
1247 paragraph.

1248 Any member who has completed the requisite minimum number of
1249 years of membership service to qualify for a retirement allowance
1250 at age sixty (60) and who dies before retirement and leaves a
1251 spouse who has been married to the member for not less than one
1252 (1) year immediately preceding his death and has not exercised any
1253 other option shall be deemed to have exercised Option 2 under
1254 Section 25-11-115 for the benefit of his spouse, which spouse
1255 shall be paid Option 2 settlement benefits under this article
1256 beginning on the first of the month following the date of death,
1257 but in case of late filing, retroactive payments will be made for
1258 a period of not more than one (1) year. The method of calculating
1259 the retirement benefits shall be on the same basis as provided in
1260 Section 25-11-111(d). However, if the member dies before being
1261 qualified for full unreduced benefits, then the benefits shall be
1262 reduced by three percent (3%) per year for the lesser of either
1263 the years of service or age required for full unreduced benefits
1264 in Section 25-11-111(d).

1265 (3) (a) Subject to the maximum limitation provided in this
1266 paragraph, the member's dependent children each shall receive an
1267 annuity of the greater of ten percent (10%) of the member's
1268 average compensation as defined in Section 25-11-103 at the time
1269 of the death of the member or Fifty Dollars (\$50.00) monthly;
1270 however, if there are more than three (3) dependent children, each
1271 dependent child shall receive an equal share of a total annuity
1272 equal to thirty percent (30%) of the member's average
1273 compensation, provided that the total annuity shall not be less
1274 than One Hundred Fifty Dollars (\$150.00) per month for all
1275 children.

1276 (b) A child shall be considered to be a dependent child
1277 until marriage, or the attainment of age nineteen (19), whichever

1278 comes first; however, this age limitation shall be extended beyond
1279 age nineteen (19), but in no event beyond the attainment of age
1280 twenty-three (23), as long as the child is a student regularly
1281 pursuing a full-time course of resident study or training in an
1282 accredited high school, trade school, technical or vocational
1283 institute, junior or community college, college, university or
1284 comparable recognized educational institution duly licensed by a
1285 state. A student child whose birthday falls during the school
1286 year (September 1 through June 30) is considered not to reach age
1287 twenty-three (23) until the July 1 following the actual
1288 twenty-third birthday. A full-time course of resident study or
1289 training means a day or evening noncorrespondence course that
1290 includes school attendance at the rate of at least thirty-six (36)
1291 weeks per academic year or other applicable period with a subject
1292 load sufficient, if successfully completed, to attain the
1293 educational or training objective within the period generally
1294 accepted as minimum for completion, by a full-time day student, of
1295 the academic or training program concerned. Any child who is
1296 physically or mentally incompetent, as adjudged by either a
1297 Mississippi court of competent jurisdiction or by the board, shall
1298 receive benefits for as long as the incompetency exists.

1299 (c) If there are more than three (3) dependent
1300 children, upon a child's ceasing to be a dependent child, his
1301 annuity shall terminate and there shall be a redetermination of
1302 the amounts payable to any remaining dependent children.

1303 (d) Annuities payable under this subsection (3) shall
1304 begin the first day of the month following the date of the
1305 member's death or in case of late filing, retroactive payments
1306 will be made for a period of not more than one (1) year. Those
1307 benefits may be paid to a surviving parent or the lawful custodian
1308 of a dependent child for the use and benefit of the child without
1309 the necessity of appointment as guardian.

1310 (4) (a) Death benefits in the line of duty. Regardless of
1311 the number of years of the member's creditable service, the spouse
1312 and/or the dependent children of an active member who is killed in
1313 the line of performance of duty or dies as a direct result of an
1314 accident occurring in the line of performance of duty shall
1315 qualify, on approval of the board, for a retirement allowance on
1316 the first of the month following the date of death, but in the
1317 case of late filing, retroactive payments will be made for a
1318 period of not more than one (1) year. The spouse shall receive a
1319 retirement allowance for life equal to one-half (1/2) of the
1320 average compensation as defined in Section 25-11-103. In addition
1321 to the retirement allowance for the spouse, or if there is no
1322 surviving spouse, the member's dependent child shall receive a
1323 retirement allowance in the amount of one-fourth (1/4) of the
1324 member's average compensation as defined in Section 25-11-103;
1325 however, if there are two (2) or more dependent children, each
1326 dependent child shall receive an equal share of a total annuity
1327 equal to one-half (1/2) of the member's average compensation. If
1328 there are more than two (2) dependent children, upon a child's
1329 ceasing to be a dependent child, his annuity shall terminate and
1330 there shall be a redetermination of the amounts payable to any
1331 remaining dependent children. Those benefits shall cease to be
1332 paid for the support and maintenance of each child upon the child
1333 attaining the age of nineteen (19) years; however, the spouse
1334 shall continue to be eligible for the aforesaid retirement
1335 allowance. Those benefits may be paid to a surviving parent or
1336 lawful custodian of the children for the use and benefit of the
1337 children without the necessity of appointment as guardian. Any
1338 spouse who received spouse retirement benefits under this
1339 paragraph (a) from and after April 4, 1984, and whose benefits
1340 were terminated before July 1, 2004, because of remarriage, may
1341 again receive the retirement benefits authorized under this
1342 paragraph (a) by making application with the board to reinstate

1343 those benefits. Any reinstatement of the benefits shall be
1344 prospective only and shall begin after the first of the month
1345 following the date of the application for reinstatement, but not
1346 earlier than July 1, 2004.

1347 (b) A child shall be considered to be a dependent child
1348 until marriage, or the attainment of age nineteen (19), whichever
1349 comes first; however, this age limitation shall be extended beyond
1350 age nineteen (19), but in no event beyond the attainment of age
1351 twenty-three (23), as long as the child is a student regularly
1352 pursuing a full-time course of resident study or training in an
1353 accredited high school, trade school, technical or vocational
1354 institute, junior or community college, college, university or
1355 comparable recognized educational institution duly licensed by a
1356 state. A student child whose birthday falls during the school
1357 year (September 1 through June 30) is considered not to reach age
1358 twenty-three (23) until the July 1 following the actual
1359 twenty-third birthday. A full-time course of resident study or
1360 training means a day or evening noncorrespondence course that
1361 includes school attendance at the rate of at least thirty-six (36)
1362 weeks per academic year or other applicable period with a subject
1363 load sufficient, if successfully completed, to attain the
1364 educational or training objective within the period generally
1365 accepted as minimum for completion, by a full-time day student, of
1366 the academic or training program concerned. Any child who is
1367 physically or mentally incompetent, as adjudged by either a
1368 Mississippi court of competent jurisdiction or by the board, shall
1369 receive benefits for as long as the incompetency exists.

1370 (5) If all the annuities provided for in this section
1371 payable on account of the death of a member terminate before there
1372 has been paid an aggregate amount equal to the member's
1373 accumulated contributions standing to the member's credit in the
1374 annuity savings account at the time of the member's death, the
1375 difference between the accumulated contributions and the aggregate

1376 amount of annuity payments shall be paid to the person that the
1377 member has nominated by written designation duly executed and
1378 filed with the board. If there is no designated beneficiary
1379 surviving at termination of benefits, the difference shall be
1380 payable pursuant to Section 25-11-117.1(1).

1381 (6) Regardless of the number of years of creditable service
1382 upon the application of a member or employer, any active member
1383 who becomes disabled as a direct result of an accident or
1384 traumatic event resulting in a physical injury occurring in the
1385 line of performance of duty, provided that the medical board or
1386 other designated governmental agency after a medical examination
1387 certifies that the member is mentally or physically incapacitated
1388 for the further performance of duty and the incapacity is likely
1389 to be permanent, may be retired by the board of trustees on the
1390 first of the month following the date of filing the application
1391 but in no event shall the retirement allowance begin before the
1392 termination of state service. The retirement allowance shall
1393 equal the allowance on disability retirement as provided in
1394 Section 25-11-113 but shall not be less than fifty percent (50%)
1395 of average compensation.

1396 Permanent and total disability resulting from a
1397 cardiovascular, pulmonary or musculo-skeletal condition that was
1398 not a direct result of a traumatic event occurring in the
1399 performance of duty shall be deemed an ordinary disability. A
1400 mental disability based exclusively on employment duties occurring
1401 on an ongoing basis shall be deemed an ordinary disability.

1402 (7) If the deceased or disabled member became a member of
1403 the system before July 1, 2006, and has less than four (4) years
1404 of creditable service, or became a member of the system on or
1405 after July 1, 2006, and has less than ten (10) years of creditable
1406 service, the average compensation as defined in Section 25-11-103
1407 shall be the average of all annual earned compensation in state
1408 service for the purposes of benefits provided in this section.

1409 (8) In case of death or total and permanent disability under
1410 subsection (4) or subsection (6) of this section and before the
1411 board shall consider any application for a retirement allowance,
1412 the employer must certify to the board that the member's death or
1413 disability was a direct result of an accident or a traumatic event
1414 occurring during and as a result of the performance of the regular
1415 and assigned duties of the employee and that the death or
1416 disability was not the result of the willful negligence of the
1417 employee.

1418 (9) The application for the retirement allowance must be
1419 filed within one (1) year after death of an active member who is
1420 killed in the line of performance of duty or dies as a direct
1421 result of an accident occurring in the line of performance of duty
1422 or traumatic event; but the board of trustees may consider an
1423 application for disability filed after the one-year period if it
1424 can be factually demonstrated to the satisfaction of the board of
1425 trustees that the disability is due to the accident and that the
1426 filing was not accomplished within the one-year period due to a
1427 delayed manifestation of the disability or to circumstances beyond
1428 the control of the member. However, in case of late filing,
1429 retroactive payments will be made for a period of not more than
1430 one (1) year only.

1431 (10) Notwithstanding any other section of this article and
1432 in lieu of any payments to a designated beneficiary for a refund
1433 of contributions under Section 25-11-117, the spouse and/or
1434 children shall be eligible for the benefits payable under this
1435 section, and the spouse may elect, for both the spouse and/or
1436 children, to receive benefits in accordance with either
1437 subsections (2) and (3) or subsection (4) of this section;
1438 otherwise, the contributions to the credit of the deceased member
1439 shall be refunded in accordance with Section 25-11-117.

1440 (11) If the member has previously received benefits from the
1441 system to which he was not entitled and has not repaid in full all

1442 amounts payable by him to the system, the annuity amounts
1443 otherwise provided by this section shall be withheld and used to
1444 effect repayment until the total of the withholdings repays in
1445 full all amounts payable by him to the system.

1446 **SECTION 7.** Section 25-11-115, Mississippi Code of 1972, is
1447 amended as follows:

1448 25-11-115. (1) Upon application for superannuation or
1449 disability retirement, any member may elect to receive his benefit
1450 in a retirement allowance payable throughout life with no further
1451 payments to anyone at his death, except that in the event his
1452 total retirement payments under this article do not equal his
1453 total contributions under this article, his named beneficiary
1454 shall receive the difference in cash at his death. Or he may
1455 elect upon retirement, or upon becoming eligible for retirement,
1456 to receive the actuarial equivalent subject to the provisions of
1457 subsection (3) of this section of his retirement allowance in a
1458 reduced retirement allowance payable throughout life with the
1459 provision that:

1460 **Option 1.** If he dies before he has received in annuity
1461 payment the value of the member's annuity savings account as it
1462 was at the time of his retirement, the balance shall be paid to
1463 his legal representative or to such person as he shall nominate by
1464 written designation duly acknowledged and filed with the board; or

1465 **Option 2.** Upon his death, his reduced retirement allowance
1466 shall be continued throughout the life of, and paid to, such
1467 person as he has nominated by written designation duly
1468 acknowledged and filed with the board of trustees at the time of
1469 his retirement;

1470 **Option 3.** Upon his death, one-half (1/2) of his reduced
1471 retirement allowance shall be continued throughout the life of,
1472 and paid to, such person as he shall have nominated by written
1473 designation duly acknowledged and filed with the board of trustees

1474 at the time of his retirement, and the other one-half (1/2) of his
1475 reduced retirement allowance to some other designated beneficiary;

1476 **Option 4-A.** Upon his death, one-half (1/2) of his reduced
1477 retirement allowance, or such other specified amount, shall be
1478 continued throughout the life of, and paid to, such person as he
1479 shall have nominated by written designation duly acknowledged and
1480 filed with the board of trustees at the time of his retirement; or

1481 **Option 4-B.** A reduced retirement allowance shall be
1482 continued throughout the life of the retirant, but with the
1483 further guarantee of payments to the named beneficiary,
1484 beneficiaries or to the estate for a specified number of years
1485 certain. If the retired member or the last designated beneficiary
1486 receiving annuity payments dies prior to receiving all guaranteed
1487 payments due, the actuarial equivalent of the remaining payments
1488 shall be paid pursuant to Section 25-11-117.1(1);

1489 **Option 4-C.** Such retirement allowance otherwise payable may
1490 be converted into a retirement allowance of equivalent actuarial
1491 value in such an amount that, with the member's benefit under
1492 Title II of the federal Social Security Act, the member will
1493 receive, so far as possible, approximately the same amount
1494 annually before and after the earliest age at which the member
1495 becomes eligible to receive a social security benefit. This
1496 option shall not be available to retirees whose retirement is
1497 effective on or after July 1, 2004.

1498 **Option 6.** Any member who became a member of the system
1499 before July 1, 2006, and who has at least twenty-eight (28) years
1500 of creditable service at the time of retirement or who is at least
1501 sixty-three (63) years of age and eligible to retire, or any
1502 member who became a member of the system on or after July 1, 2006,
1503 and who has at least thirty-three (33) years of creditable service
1504 at the time of retirement or who is at least sixty-three (63)
1505 years of age and eligible to retire, may select the maximum
1506 retirement benefit or an optional benefit as provided in this

1507 subsection together with a partial lump-sum distribution. The
1508 amount of the lump-sum distribution under this option shall be
1509 equal to the maximum monthly benefit multiplied by twelve (12),
1510 twenty-four (24) or thirty-six (36) as selected by the member.
1511 The maximum retirement benefit shall be actuarially reduced to
1512 reflect the amount of the lump-sum distribution selected and
1513 further reduced for any other optional benefit selected. The
1514 annuity and lump-sum distribution shall be computed to result in
1515 no actuarial loss to the system. The lump-sum distribution shall
1516 be made as a single payment payable at the time the first monthly
1517 annuity payment is paid to the retiree. The amount of the
1518 lump-sum distribution shall be deducted from the member's annuity
1519 savings account in computing what contributions remain at the
1520 death of the retiree and/or a beneficiary. The lump-sum
1521 distribution option may be elected only once by a member upon
1522 initial retirement, and may not be elected by a retiree, by
1523 members applying for a disability retirement annuity, by survivors
1524 or by a member selecting Option 4-C.

1525 (2) No change in the option selected shall be permitted
1526 after the member's death or after the member has received his
1527 first retirement check except as provided in subsections (3) and
1528 (4) of this section and in Section 25-11-127. Members who are
1529 pursuing a disability retirement allowance and simultaneously or
1530 subsequently elect to begin to receive a service retirement
1531 allowance while continuing to pursue a disability retirement
1532 allowance, shall not be eligible to select Option 4-C or Option 6
1533 and those options may not be selected at a later time if the
1534 application for a disability retirement allowance is voided or
1535 denied. However, any retired member who is receiving a retirement
1536 allowance under Option 2 or Option 4-A upon July 1, 1992, and
1537 whose designated beneficiary predeceased him or whose marriage to
1538 a spouse who is his designated beneficiary is terminated by
1539 divorce or other dissolution, upon written notification to the

1540 retirement system of the death of the designated beneficiary or of
1541 the termination of his marriage to his designated beneficiary, the
1542 retirement allowance payable to the member after receipt of such
1543 notification by the retirement system shall be equal to the
1544 retirement allowance which would have been payable had the member
1545 not elected the option. In addition, any retired member who is
1546 receiving the maximum retirement allowance for life, a retirement
1547 allowance under Option 1 or who is receiving a retirement
1548 allowance under Option 2 or Option 4-A on July 1, 1992, may elect
1549 to provide survivor benefits under Option 2 or Option 4-A to a
1550 spouse who was not previously the member's beneficiary and whom
1551 the member married before July 1, 1992.

1552 (3) Any retired member who is receiving a reduced retirement
1553 allowance under Option 2 or Option 4-A whose designated
1554 beneficiary predeceases him, or whose marriage to a spouse who is
1555 his designated beneficiary is terminated by divorce or other
1556 dissolution, may elect to cancel his reduced retirement allowance
1557 and receive the maximum retirement allowance for life in an amount
1558 equal to the amount that would have been payable if the member had
1559 not elected Option 2 or Option 4-A. Such election must be made in
1560 writing to the office of the executive director of the system on a
1561 form prescribed by the board. Any such election shall be
1562 effective the first of the month following the date the election
1563 is received by the system.

1564 (4) Any retired member who is receiving the maximum
1565 retirement allowance for life, or a retirement allowance under
1566 Option 1, and who marries after his retirement may elect to cancel
1567 his maximum retirement allowance and receive a reduced retirement
1568 allowance under Option 2 or Option 4-A to provide continuing
1569 lifetime benefits to his spouse. Such election must be made in
1570 writing to the office of the executive director of the system on a
1571 form prescribed by the board not earlier than the date of the

1572 marriage. Any such election shall be effective the first of the
1573 month following the date the election is received by the system.

1574 (5) In the event the election of an optional benefit is made
1575 after the member has attained the age of sixty-five (65) years,
1576 the actuarial equivalent factor shall be used to compute the
1577 reduced retirement allowance as if the election had been made on
1578 his sixty-fifth birthday; however, from and after January 1, 2003,
1579 if there is an election of Option 6 after the member has attained
1580 the age of sixty-five (65) years, the actuarial equivalent factor
1581 based on the retiree's age at the time of retirement shall be used
1582 to compute the reduced maximum monthly retirement allowance.

1583 However, if a retiree marries or remarries after retirement and
1584 elects either Option 2 or Option 4-A as provided in subsection (2)
1585 or (4) of this section, the actuarial equivalent factor used to
1586 compute the reduced retirement allowance shall be the factor for
1587 the age of the retiree and his or her beneficiary at the time such
1588 election for recalculation of benefits is made.

1589 (6) Notwithstanding any provision of Section 25-11-1 et
1590 seq., no payments may be made for a retirement allowance on a
1591 monthly basis for a period of time in excess of that allowed by
1592 federal law.

1593 (7) If a retirant and his eligible beneficiary, if any, both
1594 die before they have received in annuity payments a total amount
1595 equal to the accumulated contributions standing to the retirant's
1596 credit in the annuity savings account at the time of his
1597 retirement, the difference between the accumulated contributions
1598 and the total amount of annuities received by them shall be paid
1599 to such persons as the retirant has nominated by written
1600 designation duly executed and filed in the office of the executive
1601 director. If no designated person survives the retirant and his
1602 beneficiary, the difference, if any, shall be paid pursuant to
1603 Section 25-11-117.1(1).

1604 (8) Any retired member who retired on Option 2(5) or 4-A(5)
1605 prior to July 1, 1992, who is still receiving a retirement
1606 allowance on July 1, 1994, shall receive an increase in the annual
1607 retirement allowance effective July 1, 1994, equal to the amount
1608 they would have received under Option 2 or Option 4-A without a
1609 reduction for Option 5 based on the ages at retirement of the
1610 retiree and beneficiary and option factors in effect on July 1,
1611 1992. Such increase shall be prospective only.

1612 **SECTION 8.** Section 25-11-117, Mississippi Code of 1972, is
1613 amended as follows:

1614 25-11-117. (1) A member may be paid a refund of the amount
1615 of accumulated contributions to the credit of the member in the
1616 annuity savings account, provided that the member has withdrawn
1617 from state service and has not returned to state service on the
1618 date the refund of the accumulated contributions would be paid.
1619 That refund of the contributions to the credit of the member in
1620 the annuity savings account shall be paid within ninety (90) days
1621 from receipt in the office of the retirement system of the
1622 properly completed form requesting the payment. In the event of
1623 death before retirement of any member whose spouse and/or children
1624 are not entitled to a retirement allowance, the accumulated
1625 contributions to the credit of the deceased member in the annuity
1626 savings account shall be paid to the designated beneficiary on
1627 file in writing in the office of the executive director of the
1628 board of trustees within ninety (90) days from receipt of a
1629 properly completed form requesting the payment. If there is no
1630 such designated beneficiary on file for the deceased member in the
1631 office of the system, upon the filing of a proper request with the
1632 board, the contributions to the credit of the deceased member in
1633 the annuity savings account shall be refunded pursuant to Section
1634 25-11-117.1(1). The payment of the refund shall discharge all
1635 obligations of the retirement system to the member on account of
1636 any creditable service rendered by the member prior to the receipt

1637 of the refund. By the acceptance of the refund, the member shall
1638 waive and relinquish all accrued rights in the system.

1639 (2) Under the Unemployment Compensation Amendments of 1992
1640 (Public Law 102-318 (UCA)), a member or the spouse of a member who
1641 is an eligible beneficiary entitled to a refund under this section
1642 may elect, on a form prescribed by the board under rules and
1643 regulations established by the board, to have an eligible rollover
1644 distribution of accumulated contributions payable under this
1645 section paid directly to an eligible retirement plan, as defined
1646 under applicable federal law, or an individual retirement account.
1647 If the member or the spouse of a member who is an eligible
1648 beneficiary makes that election and specifies the eligible
1649 retirement plan or individual retirement account to which the
1650 distribution is to be paid, the distribution will be made in the
1651 form of a direct trustee-to-trustee transfer to the specified
1652 eligible retirement plan. Flexible rollovers under this
1653 subsection shall not be considered assignments under Section
1654 25-11-129.

1655 (3) (a) If any person who became a member of the system
1656 before July 1, 2006, has received a refund reenters the state
1657 service and again becomes a member of the system, the member may
1658 repay all or part of the amounts previously received as a refund,
1659 together with regular interest covering the period from the date
1660 of refund to the date of repayment; however, the amounts that are
1661 repaid by the member and the creditable service related thereto
1662 shall not be used in any benefit calculation or determination
1663 until the member has remained a contributor to the system for a
1664 period of at least four (4) years after the member's reentry into
1665 state service. Repayment for that time shall be made in
1666 increments of not less than one-quarter (1/4) year of creditable
1667 service beginning with the most recent service for which refund
1668 has been made. Upon the repayment of all or part of that refund
1669 and interest, the member shall again receive credit for the period

1670 of creditable service for which full repayment has been made to
1671 the system.

1672 (b) If any person who became a member of the system on
1673 or after July 1, 2006, has received a refund reenters the state
1674 service and again becomes a member of the system, the member may
1675 repay all or part of the amounts previously received as a refund,
1676 together with regular interest covering the period from the date
1677 of refund to the date of repayment; however, the amounts that are
1678 repaid by the member and the creditable service related thereto
1679 shall not be used in any benefit calculation or determination
1680 until the member has remained a contributor to the system for a
1681 period of at least ten (10) years after the member's reentry into
1682 state service. Repayment for that time shall be made in
1683 increments of not less than one-quarter (1/4) year of creditable
1684 service beginning with the most recent service for which refund
1685 has been made. Upon the repayment of all or part of that refund
1686 and interest, the member shall again receive credit for the period
1687 of creditable service for which full repayment has been made to
1688 the system.

1689 (4) (a) In order to provide a source of income to members
1690 who have applied for disability benefits under Section 25-11-113
1691 or 25-11-114, the board may provide, at the employee's election, a
1692 temporary benefit to be paid from the member's accumulated
1693 contributions, if any, without forfeiting the right to pursue
1694 disability benefits, provided that the member has exhausted all
1695 personal and medical leave and has terminated his or her
1696 employment. The board may prescribe rules and regulations for
1697 carrying out the provisions of this subsection (4).

1698 (b) If a member who has elected to receive temporary
1699 benefits under this subsection later applies for a refund of his
1700 or her accumulated contributions, all amounts paid under this
1701 subsection shall be deducted from the accumulated contributions
1702 and the balance will be paid to the member. If a member who has

1703 elected to receive temporary benefits under this subsection is
1704 later approved for a disability retirement allowance, and a
1705 service retirement allowance or survivor benefits are paid on the
1706 account, the board shall adjust the benefits in such a manner that
1707 no more than the actuarial equivalent of the benefits to which the
1708 member or beneficiary was or is entitled shall be paid.

1709 (c) The board may study, develop and propose a
1710 disability benefit structure, including short and long term
1711 disability benefits, provided that it is the actuarial equivalent
1712 of the benefits currently provided in Section 25-11-113 or
1713 25-11-114.

1714 **SECTION 9.** For purposes of Sections 25-11-103, 25-11-105,
1715 25-11-109, 25-11-111, 25-11-113, 25-11-114, 25-11-115 and
1716 25-11-117, if a member of the system withdrew from state service
1717 and received a refund of the amount of the accumulated
1718 contributions to the credit of the member in the annuity savings
1719 account before July 1, 2006, and the person reenters state service
1720 and becomes a member of the system again on or after July 1, 2006,
1721 and repays all or part of the amount received as a refund and
1722 interest in order to receive creditable service for service
1723 rendered before July 1, 2006, the member shall be considered to
1724 have become a member of the system on or after July 1, 2006.

1725 **SECTION 10.** Section 25-13-11, Mississippi Code of 1972, is
1726 amended as follows:

1727 25-13-11. (1) Any member upon withdrawal from service, upon
1728 or after attainment of the age of fifty-five (55) years, who shall
1729 have completed at least five (5) years of creditable service; or
1730 any member who became a member before July 1, 2006, upon
1731 withdrawal from service upon or after attainment of the age of
1732 forty-five (45) years, who shall have completed at least twenty
1733 (20) years of creditable service; or any member upon withdrawal
1734 from service, regardless of age, who shall have completed at least
1735 twenty-five (25) years of creditable service, shall be entitled to

1736 receive a retirement allowance which shall be payable the first of
1737 the month following receipt of the member's application in the
1738 Office of the Executive Director of the Public Employees'
1739 Retirement System, but in no event before withdrawal from service.

1740 (2) Any member whose withdrawal from service occurs prior to
1741 attaining the age of fifty-five (55) years, who shall have
1742 completed more than five (5) years of creditable service and shall
1743 not have received a refund of the member's accumulated
1744 contributions, shall be entitled to receive a retirement allowance
1745 beginning upon his attaining the age of fifty-five (55) years of
1746 the amount earned and accrued at the date of withdrawal from
1747 service.

1748 (3) The annual amount of the retirement allowance shall
1749 consist of:

1750 (a) A member's annuity, which shall be the actuarial
1751 equivalent of the accumulated contributions of the member at the
1752 time of retirement, computed according to the actuarial table in
1753 use by the system.

1754 (b) An employer's annuity which, together with the
1755 member's annuity provided above, shall be equal to two and
1756 one-half percent (2-1/2%) of the average compensation, based on
1757 the four (4) highest consecutive years, for each year of
1758 membership service.

1759 (c) A prior service annuity equal to two and one-half
1760 percent (2-1/2%) of the average compensation, based on the four
1761 (4) highest consecutive years, for each year of prior service for
1762 which the member is allowed credit.

1763 (d) In the case of retirement of any member prior to
1764 attaining the age of fifty-five (55) years, the retirement
1765 allowance shall be computed in accordance with the formula
1766 hereinabove set forth in this section, except that the employer's
1767 annuity and prior service annuity above described shall be reduced
1768 three percent (3%) for each year of age below fifty-five (55)

1769 years, or three percent (3%) for each year of service below
1770 twenty-five (25) years of creditable service, whichever is lesser.

1771 (e) Upon retiring from service, a member shall be
1772 eligible to obtain retirement benefits, as computed above, for
1773 life, except that the aggregate amount of the employer's annuity
1774 and prior service annuity above described shall not exceed more
1775 than one hundred percent (100%) of the average compensation
1776 regardless of the years of service.

1777 (f) Any member in the service who shall have attained
1778 the age of sixty (60) years shall be retired forthwith. However,
1779 any member who has attained age sixty (60) may ask the
1780 Commissioner of Public Safety to allow him to continue in service
1781 with the Mississippi Highway Safety Patrol beyond age sixty (60).
1782 If the commissioner determines that the member's continuance in
1783 service would be advantageous to the Highway Safety Patrol because
1784 of his expert knowledge, experience or qualifications, the member
1785 shall be allowed to continue in service beyond age sixty (60) for
1786 a period of one (1) year. After the initial one-year continuance,
1787 the commissioner may authorize the member to continue in service
1788 for additional periods of one (1) year until the member attains
1789 age sixty-five (65), at which time retirement shall be mandatory.

1790 (g) Notwithstanding any provision of this chapter
1791 pertaining to the Mississippi Highway Safety Patrol Retirement
1792 System, no payments may be made for a retirement allowance on a
1793 monthly basis for a period of time in excess of that allowed by
1794 any applicable federal law.

1795 (h) In no case shall any retired member who has
1796 completed at least fifteen (15) years of creditable service
1797 receive less than Five Hundred Dollars (\$500.00) per month; in no
1798 case shall any retired member who has completed ten (10) or more
1799 years of creditable service, but less than fifteen (15) years of
1800 creditable service, receive less than Three Hundred Dollars
1801 (\$300.00) per month; and in no case shall any retired member who

1802 has completed less than ten (10) years of creditable service
1803 receive less than Two Hundred Fifty Dollars (\$250.00) per month.
1804 In no case shall a beneficiary who is receiving a retirement
1805 allowance receive less than Two Hundred Fifty Dollars (\$250.00)
1806 per month or Three Thousand Dollars (\$3,000.00) per year.

1807 (i) Any retired member who is receiving a retirement
1808 allowance on July 1, 1999, shall receive an ad hoc increase in the
1809 annual retirement allowance equal to Three Dollars and Fifty Cents
1810 (\$3.50) per month for each full fiscal year through June 30, 1999,
1811 that the member has actually drawn retirement payments from the
1812 date of retirement, or the date of last retirement if there is
1813 more than one (1) retirement date, plus an amount equal to One
1814 Dollar (\$1.00) per month for each full year of creditable service
1815 and proportionately for each quarter year of creditable service,
1816 as documented by the system and on which benefits are being paid.
1817 If there are multiple beneficiaries receiving a retirement
1818 allowance from a deceased member's account, the ad hoc increase
1819 shall be divided proportionately.

1820 (4) For purposes of this section, if a highway patrolman
1821 received a refund under Section 25-13-21 before July 1, 2006, and
1822 reenters the service of the Highway Safety Patrol and becomes a
1823 member of the system again on or after July 1, 2006, and repays
1824 all or part of the amount received as a refund and interest in
1825 order to receive creditable service for service rendered before
1826 July 1, 2006, the member shall be considered to have become a
1827 member of the system on or after July 1, 2006.

1828 **SECTION 11.** Section 25-11-123, Mississippi Code of 1972, is
1829 amended as follows:

1830 25-11-123. All of the assets of the system shall be credited
1831 according to the purpose for which they are held to one (1) of
1832 four (4) reserves; namely, the annuity savings account, the
1833 annuity reserve, the employer's accumulation account, and the
1834 expense account.

1835 (a) **Annuity savings account.** In the annuity savings account
1836 shall be accumulated the contributions made by members to provide
1837 for their annuities, including interest thereon which shall be
1838 posted monthly. Credits to and charges against the annuity
1839 savings account shall be made as follows:

1840 (1) Beginning July 1, 1991, the employer shall cause to
1841 be deducted from the salary of each member on each and every
1842 payroll of the employer for each and every payroll period seven
1843 and one-fourth percent (7-1/4%) of earned compensation as defined
1844 in Section 25-11-103. Future contributions shall be fixed
1845 biennially by the board on the basis of the liabilities of the
1846 retirement system for the various allowances and benefits as shown
1847 by actuarial valuation; however, any member earning at a rate less
1848 than Sixteen Dollars and Sixty-seven Cents (\$16.67) per month, or
1849 Two Hundred Dollars (\$200.00) per year, shall contribute not less
1850 than One Dollar (\$1.00) per month, or Twelve Dollars (\$12.00) per
1851 year.

1852 (2) The deductions provided herein shall be made
1853 notwithstanding that the minimum compensation provided by law for
1854 any member is reduced thereby. Every member shall be deemed to
1855 consent and agree to the deductions made and provided for herein
1856 and shall receipt for his full salary or compensation, and payment
1857 of salary or compensation less the deduction shall be a full and
1858 complete discharge and acquittance of all claims and demands
1859 whatsoever for the services rendered by the person during the
1860 period covered by the payment, except as to the benefits provided
1861 under Articles 1 and 3. The board shall provide by rules for the
1862 methods of collection of contributions from members and the
1863 employer. The board shall have full authority to require the
1864 production of evidence necessary to verify the correctness of
1865 amounts contributed.

1866 (b) **Annuity reserve.** The annuity reserve shall be the
1867 account representing the actuarial value of all annuities in

1868 force, and to it shall be charged all annuities and all benefits
1869 in lieu of annuities, payable as provided in this article. If a
1870 beneficiary retired on account of disability is restored to active
1871 service with a compensation not less than his average final
1872 compensation at the time of his last retirement, the remainder of
1873 his contributions shall be transferred from the annuity reserve to
1874 the annuity savings account and credited to his individual account
1875 therein, and the balance of his annuity reserve shall be
1876 transferred to the employer's accumulation account.

1877 (c) **Employer's accumulation account.** The employer's
1878 accumulation account shall represent the accumulation of all
1879 reserves for the payment of all retirement allowances and other
1880 benefits payable from contributions made by the employer, and
1881 against this account shall be charged all retirement allowances
1882 and other benefits on account of members. Credits to and charges
1883 against the employer's accumulation account shall be made as
1884 follows:

1885 (1) On account of each member there shall be paid
1886 monthly into the employer's accumulation account by the employers
1887 for the preceding fiscal year an amount equal to a certain
1888 percentage of the total earned compensation, as defined in Section
1889 25-11-103, of each member. The percentage rate of those
1890 contributions shall be fixed biennially by the board on the basis
1891 of the liabilities of the retirement system for the various
1892 allowances and benefits as shown by actuarial valuation.
1893 Beginning January 1, 1990, the rate shall be fixed at nine and
1894 three-fourths percent (9-3/4%). * * * Political subdivisions
1895 joining Article 3 of the Public Employees' Retirement System after
1896 July 1, 1968, may adjust the employer's contributions by agreement
1897 with the Board of Trustees of the Public Employees' Retirement
1898 System to provide service credits for any period before execution
1899 of the agreement based upon an actuarial determination of
1900 employer's contribution rates.

1901 (2) On the basis of regular interest and of such
1902 mortality and other tables as are adopted by the board of
1903 trustees, the actuary engaged by the board to make each valuation
1904 required by this article during the period over which the accrued
1905 liability contribution is payable, immediately after making that
1906 valuation, shall determine the uniform and constant percentage of
1907 the earnable compensation of each member which, if contributed by
1908 the employer on the basis of compensation of the member throughout
1909 his entire period of membership service, would be sufficient to
1910 provide for the payment of any retirement allowance payable on his
1911 account for that service. The percentage rate so determined shall
1912 be known as the "normal contribution rate." After the accrued
1913 liability contribution has ceased to be payable, the normal
1914 contribution rate shall be the percentage rate of the salary of
1915 all members obtained by deducting from the total liabilities on
1916 account of membership service the amount in the employer's
1917 accumulation account, and dividing the remainder by one percent
1918 (1%) of the present value of the prospective future salaries of
1919 all members as computed on the basis of the mortality and service
1920 tables adopted by the board of trustees and regular interest. The
1921 normal rate of contributions shall be determined by the actuary
1922 after each valuation.

1923 (3) The total amount payable in each year to the
1924 employer's accumulation account shall not be less than the sum of
1925 the percentage rate known as the "normal contribution rate" and
1926 the "accrued liability contribution rate" of the total
1927 compensation earnable by all members during the preceding year,
1928 provided that the payment by the employer shall be sufficient,
1929 when combined with the amounts in the account, to provide the
1930 allowances and other benefits chargeable to this account during
1931 the year then current.

1932 (4) The accrued liability contribution shall be
1933 discontinued as soon as the accumulated balance in the employer's

1934 accumulation account shall equal the present value, computed on
1935 the basis of the normal contribution rate then in force, or the
1936 prospective normal contributions to be received on account of all
1937 persons who are at that time members.

1938 (5) All allowances and benefits in lieu thereof, with
1939 the exception of those payable on account of members who receive
1940 no prior service credit, payable from contributions of the
1941 employer, shall be paid from the employer's accumulation account.

1942 (6) Upon the retirement of a member, an amount equal to
1943 his retirement allowance shall be transferred from the employer's
1944 accumulation account to the annuity reserve.

1945 (d) **Expense account.** The expense account shall be the
1946 account to which the expenses of the administration of the system
1947 shall be charged, exclusive of amounts payable as retirement
1948 allowances and as other benefits provided herein. The Legislature
1949 shall make annual appropriations in amounts sufficient to
1950 administer the system, which shall be credited to this account.
1951 There shall be transferred to the State Treasury from this
1952 account, not less than once per month, an amount sufficient for
1953 payment of the estimated expenses of the system for the succeeding
1954 thirty (30) days. Any interest earned on the expense account
1955 shall accrue to the benefit of the system. However,
1956 notwithstanding the provisions of Sections 25-11-15(10) and
1957 25-11-105(f)(5)E, all expenses of the administration of the system
1958 shall be paid from the interest earnings, provided the interest
1959 earnings are in excess of the actuarial interest assumption as
1960 determined by the board, and provided the present cost of the
1961 administrative expense fee of two percent (2%) of the
1962 contributions reported by the political subdivisions and
1963 instrumentalities shall be reduced to one percent (1%) from and
1964 after July 1, 1983, through June 30, 1984, and shall be eliminated
1965 thereafter.

1966 (e) **Collection of contributions.** The employer shall cause
1967 to be deducted on each and every payroll of a member for each and
1968 every payroll period, beginning subsequent to January 31, 1953,
1969 the contributions payable by the member as provided in Articles 1
1970 and 3.

1971 The employer shall make deductions from salaries of employees
1972 as provided in Articles 1 and 3 and shall transmit monthly, or at
1973 such time as the board of trustees designates, the amount
1974 specified to be deducted to the Executive Director of the Public
1975 Employees' Retirement System. The executive director, after
1976 making a record of all those receipts, shall deposit such amounts
1977 as provided by law.

1978 (f) (1) Upon the basis of each actuarial valuation provided
1979 herein, the board of trustees shall biennially determine the
1980 normal contribution rate and the accrued liability contribution
1981 rate as provided in this section. The sum of these two (2) rates
1982 shall be known as the "employer's contribution rate." Beginning
1983 on earned compensation effective January 1, 1990, the rate
1984 computed as provided in this section shall be nine and
1985 three-fourths percent (9-3/4%). * * * The percentage rate of
1986 those contributions shall be fixed biennially by the board on the
1987 basis of the liabilities of the retirement system for the various
1988 allowances and benefits as shown by actuarial
1989 valuation.

1990 (2) The amount payable by the employer on account of
1991 normal and accrued liability contributions shall be determined by
1992 applying the employer's contribution rate to the amount of
1993 compensation earned by employees who are members of the system.
1994 Monthly, or at such time as the board of trustees designates, each
1995 department or agency shall compute the amount of the employer's
1996 contribution payable, with respect to the salaries of its
1997 employees who are members of the system, and shall cause that
1998 amount to be paid to the board of trustees from the personal

1999 service allotment of the amount appropriated for the operation of
2000 the department or agency, or from funds otherwise available to the
2001 agency, for the payment of salaries to its employees.

2002 (3) Constables shall pay employer and employee
2003 contributions on their net fee income as well as the employee
2004 contributions on all direct treasury or county payroll income.
2005 The county shall be responsible for the employer contribution on
2006 all direct treasury or county payroll income of constables.

2007 (4) Chancery and circuit clerks shall be responsible
2008 for both the employer and employee share of contributions on the
2009 proportionate share of net income attributable to fees, as well as
2010 the employee share of net income attributable to direct treasury
2011 or county payroll income, and the employing county shall be
2012 responsible for the employer contributions on the net income
2013 attributable to direct treasury or county payroll income.

2014 (5) Once each year, under procedures established by the
2015 system, each employer shall submit to the Public Employees'
2016 Retirement System a copy of their report to Social Security of all
2017 employees' earnings.

2018 (6) The board shall provide by rules for the methods of
2019 collection of contributions of employers and members. The amounts
2020 determined due by an agency to the various funds as specified in
2021 Articles 1 and 3 are made obligations of the agency to the board
2022 and shall be paid as provided herein. Failure to deduct those
2023 contributions shall not relieve the employee and employer from
2024 liability thereof. Delinquent employee contributions and any
2025 accrued interest shall be the obligation of the employee and
2026 delinquent employer contributions and any accrued interest shall
2027 be the obligation of the employer. The employer may, in its
2028 discretion, elect to pay any or all of the interest on delinquent
2029 employee contributions. From and after July 1, 1996, under rules
2030 and regulations established by the board, all employers are
2031 authorized and shall transfer all funds due to the Public

2032 Employees' Retirement System electronically and shall transmit any
2033 wage or other reports by computerized reporting systems.

2034 **SECTION 12.** Section 25-11-141, Mississippi Code of 1972, is
2035 amended as follows:

2036 * * *

2037 25-11-141. The board of trustees may enter into an agreement
2038 with insurance companies, hospital service associations, medical
2039 or health care corporations, health maintenance organizations, or
2040 government agencies authorized to do business in the state for
2041 issuance of a policy or contract of life, health, medical,
2042 hospital or surgical benefits, or any combination thereof, for
2043 those persons receiving a service, disability or survivor
2044 retirement allowance from any system administered by the board.
2045 Notwithstanding any other provision of this chapter, the policy or
2046 contract also may include coverage for the spouse and dependent
2047 children of such eligible person and for such sponsored dependents
2048 as the board considers appropriate. If all or any portion of the
2049 policy or contract premium is to be paid by any person receiving a
2050 service, disability or survivor retirement allowance, such person
2051 shall, by written authorization, instruct the board to deduct from
2052 the retirement allowance the premium cost and to make payments to
2053 such companies, associations, corporations or agencies.

2054 The board may contract for such coverage on the basis that
2055 the cost of the premium for the coverage will be paid by the
2056 person receiving a retirement allowance.

2057 The board is authorized to accept bids for such optional
2058 coverage and benefits and to make all necessary rules pursuant to
2059 the purpose and intent of this section.

2060 * * *

2061 **SECTION 13.** Section 25-15-3, Mississippi Code of 1972, is
2062 amended as follows:

2063 * * *

2064 25-15-3. For the purposes of this article, the words and
2065 phrases used herein shall have the following meanings:

2066 (a) "Employee" means a person who works full time for
2067 the State of Mississippi and receives his compensation in a direct
2068 payment from a department, agency or institution of the state
2069 government and any person who works full time for any school
2070 district, community/junior college, public library or
2071 university-based program authorized under Section 37-23-31 for
2072 deaf, aphasic and emotionally disturbed children or any regular
2073 nonstudent bus driver. This shall include legislators, employees
2074 of the legislative branch and the judicial branch of the state and
2075 "employees" shall include full-time salaried judges and full-time
2076 district attorneys and their staff and full-time compulsory school
2077 attendance officers. For the purposes of this article, any
2078 "employee" making contributions to the State of Mississippi
2079 retirement plan shall be considered a full-time employee.

2080 (b) "Department" means the Department of Finance and
2081 Administration.

2082 (c) "Plan" means the State and School Employees Life
2083 and Health Insurance Plan created under this article.

2084 (d) "Fund" means the State and School Employees
2085 Insurance Fund set up under this article.

2086 (e) "Retiree" means any employee retired under the
2087 Mississippi retirement plan.

2088 (f) "Board" means the State and School Employees Health
2089 Insurance Management Board created under Section 25-15-303.

2090 * * *

2091 **SECTION 14.** Section 25-15-9, Mississippi Code of 1972, is
2092 amended as follows:

2093 * * *

2094 25-15-9. (1) (a) The board shall design a plan of health
2095 insurance for state employees which provides benefits for
2096 semiprivate rooms in addition to other incidental coverages which

2097 the board deems necessary. The amount of the coverages shall be
2098 in such reasonable amount as may be determined by the board to be
2099 adequate, after due consideration of current health costs in
2100 Mississippi. The plan shall also include major medical benefits
2101 in such amounts as the board shall determine. The board is also
2102 authorized to accept bids for such alternate coverage and optional
2103 benefits as the board shall deem proper. Any contract for
2104 alternative coverage and optional benefits shall be awarded by the
2105 board after it has carefully studied and evaluated the bids and
2106 selected the best and most cost-effective bid. The board may
2107 reject all such bids; however, the board shall notify all bidders
2108 of the rejection and shall actively solicit new bids if all bids
2109 are rejected. The board may employ or contract for such
2110 consulting or actuarial services as may be necessary to formulate
2111 the plan, and to assist the board in the preparation of
2112 specifications and in the process of advertising for the bids for
2113 the plan. Such contracts shall be solicited and entered into in
2114 accordance with Section 25-15-5. The board shall keep a record of
2115 all persons, agents and corporations who contract with or assist
2116 the board in preparing and developing the plan. The board in a
2117 timely manner shall provide copies of this record to the members
2118 of the advisory council created in this section and those
2119 legislators, or their designees, who may attend meetings of the
2120 advisory council. The board shall provide copies of this record
2121 in the solicitation of bids for the administration or servicing of
2122 the self-insured program. Each person, agent or corporation
2123 which, during the previous fiscal year, has assisted in the
2124 development of the plan or employed or compensated any person who
2125 assisted in the development of the plan, and which bids on the
2126 administration or servicing of the plan, shall submit to the board
2127 a statement accompanying the bid explaining in detail its
2128 participation with the development of the plan. This statement
2129 shall include the amount of compensation paid by the bidder to any

2130 such employee during the previous fiscal year. The board shall
2131 make all such information available to the members of the advisory
2132 council and those legislators, or their designees, who may attend
2133 meetings of the advisory council before any action is taken by the
2134 board on the bids submitted. The failure of any bidder to fully
2135 and accurately comply with this paragraph shall result in the
2136 rejection of any bid submitted by that bidder or the cancellation
2137 of any contract executed when the failure is discovered after the
2138 acceptance of that bid. The board is authorized to promulgate
2139 rules and regulations to implement the provisions of this
2140 subsection.

2141 The board shall develop plans for the insurance plan
2142 authorized by this section in accordance with the provisions of
2143 Section 25-15-5.

2144 Any corporation, association, company or individual that
2145 contracts with the board for the third-party claims administration
2146 of the self-insured plan shall prepare and keep on file an
2147 explanation of benefits for each claim processed. The explanation
2148 of benefits shall contain such information relative to each
2149 processed claim which the board deems necessary, and, at a
2150 minimum, each explanation shall provide the claimant's name, claim
2151 number, provider number, provider name, service dates, type of
2152 services, amount of charges, amount allowed to the claimant and
2153 reason codes. The information contained in the explanation of
2154 benefits shall be available for inspection upon request by the
2155 board. The board shall have access to all claims information
2156 utilized in the issuance of payments to employees and providers.

2157 (b) There is created an advisory council to advise the
2158 board in the formulation of the State and School Employees Health
2159 Insurance Plan. The council shall be composed of the State
2160 Insurance Commissioner or his designee, an employee-representative
2161 of the institutions of higher learning appointed by the board of
2162 trustees thereof, an employee-representative of the Department of

2163 Transportation appointed by the director thereof, an
2164 employee-representative of the State Tax Commission appointed by
2165 the Commissioner of Revenue, an employee-representative of the
2166 Mississippi Department of Health appointed by the State Health
2167 Officer, an employee-representative of the Mississippi Department
2168 of Corrections appointed by the Commissioner of Corrections, and
2169 an employee-representative of the Department of Human Services
2170 appointed by the Executive Director of Human Services, two (2)
2171 certificated public school administrators appointed by the State
2172 Board of Education, two (2) certificated classroom teachers
2173 appointed by the State Board of Education, a noncertificated
2174 school employee appointed by the State Board of Education and a
2175 community/junior college employee appointed by the State Board for
2176 Community and Junior Colleges.

2177 The Lieutenant Governor may designate the Secretary of the
2178 Senate, the Chairman of the Senate Appropriations Committee, the
2179 Chairman of the Senate Education Committee and the Chairman of the
2180 Senate Insurance Committee, and the Speaker of the House of
2181 Representatives may designate the Clerk of the House, the Chairman
2182 of the House Appropriations Committee, the Chairman of the House
2183 Education Committee and the Chairman of the House Insurance
2184 Committee, to attend any meeting of the State and School Employees
2185 Insurance Advisory Council. The appointing authorities may
2186 designate an alternate member from their respective houses to
2187 serve when the regular designee is unable to attend such meetings
2188 of the council. Such designees shall have no jurisdiction or vote
2189 on any matter within the jurisdiction of the council. For
2190 attending meetings of the council, such legislators shall receive
2191 per diem and expenses which shall be paid from the contingent
2192 expense funds of their respective houses in the same amounts as
2193 provided for committee meetings when the Legislature is not in
2194 session; however, no per diem and expenses for attending meetings
2195 of the council will be paid while the Legislature is in session.

2196 No per diem and expenses will be paid except for attending
2197 meetings of the council without prior approval of the proper
2198 committee in their respective houses.

2199 (c) No change in the terms of the State and School
2200 Employees Health Insurance Plan may be made effective unless the
2201 board, or its designee, has provided notice to the State and
2202 School Employees Health Insurance Advisory Council and has called
2203 a meeting of the council at least fifteen (15) days before the
2204 effective date of such change. In the event that the State and
2205 School Employees Health Insurance Advisory Council does not meet
2206 to advise the board on the proposed changes, the changes to the
2207 plan shall become effective at such time as the board has informed
2208 the council that the changes shall become effective.

2209 (d) **Medical benefits for retired employees and**
2210 **dependents under age sixty-five (65) years and not eligible for**
2211 **Medicare benefits.** For employees who retire before July 1, 2005,
2212 and for employees retiring due to work-related disability under
2213 the Public Employees' Retirement System, the same health insurance
2214 coverage as for all other active employees and their dependents
2215 shall be available to retired employees and all dependents under
2216 age sixty-five (65) years who are not eligible for Medicare
2217 benefits, the level of benefits to be the same level as for all
2218 other active participants. For employees who retire on or after
2219 July 1, 2005, and not retiring due to work-related disability
2220 under the Public Employees' Retirement System, the same health
2221 insurance coverage as for all other active employees and their
2222 dependents shall be available to such retiring employees and all
2223 dependents under age sixty-five (65) years who are not eligible
2224 for Medicare benefits only if the retiring employees were
2225 participants in the State and School Employees Health Insurance
2226 Plan for four (4) years or more before their retirement, the level
2227 of benefits to be the same level as for all other active
2228 participants. This section will apply to those employees who

2229 retire due to one hundred percent (100%) medical disability as
2230 well as those employees electing early retirement.

2231 (e) **Medical benefits for retired employees and**
2232 **dependents over age sixty-five (65) years or otherwise eligible**
2233 **for Medicare benefits.** For employees who retire before July 1,
2234 2005, and for employees retiring due to work-related disability
2235 under the Public Employees' Retirement System, the health
2236 insurance coverage available to retired employees over age
2237 sixty-five (65) years or otherwise eligible for Medicare benefits,
2238 and all dependents over age sixty-five (65) years or otherwise
2239 eligible for Medicare benefits, shall be the major medical
2240 coverage with the lifetime maximum of One Million Dollars
2241 (\$1,000,000.00). For employees retiring on or after July 1, 2005,
2242 and not retiring due to work-related disability under the Public
2243 Employees' Retirement System, the health insurance coverage
2244 described herein shall be available to such retiring employees
2245 only if they were participants in the State and School Employees
2246 Health Insurance Plan for four (4) years or more and are over age
2247 sixty-five (65) years or otherwise eligible for Medicare benefits,
2248 and to all dependents over age sixty-five (65) years or otherwise
2249 eligible for Medicare benefits. Benefits shall be reduced by
2250 Medicare benefits as though such Medicare benefits were the base
2251 plan.

2252 All covered individuals shall be assumed to have full
2253 Medicare coverage, Parts A and B; and any Medicare payments under
2254 both Parts A and B shall be computed to reduce benefits payable
2255 under this plan.

2256 (2) Nonduplication of benefits--reduction of benefits by
2257 Title XIX benefits: When benefits would be payable under more
2258 than one (1) group plan, benefits under those plans will be
2259 coordinated to the extent that the total benefits under all plans
2260 will not exceed the total expenses incurred.

2261 Benefits for hospital or surgical or medical benefits shall
2262 be reduced by any similar benefits payable in accordance with
2263 Title XIX of the Social Security Act or under any amendments
2264 thereto, or any implementing legislation.

2265 Benefits for hospital or surgical or medical benefits shall
2266 be reduced by any similar benefits payable by workers'
2267 compensation.

2268 (3) (a) Schedule of life insurance benefits--group term:
2269 The amount of term life insurance for each active employee of a
2270 department, agency or institution of the state government shall
2271 not be in excess of One Hundred Thousand Dollars (\$100,000.00), or
2272 twice the amount of the employee's annual wage to the next highest
2273 One Thousand Dollars (\$1,000.00), whichever may be less, but in no
2274 case less than Thirty Thousand Dollars (\$30,000.00), with a like
2275 amount for accidental death and dismemberment on a
2276 twenty-four-hour basis. The plan will further contain a premium
2277 waiver provision if a covered employee becomes totally and
2278 permanently disabled prior to age sixty-five (65) years.
2279 Employees retiring after June 30, 1999, shall be eligible to
2280 continue life insurance coverage in an amount of Five Thousand
2281 Dollars (\$5,000.00), Ten Thousand Dollars (\$10,000.00) or Twenty
2282 Thousand Dollars (\$20,000.00) into retirement.

2283 (b) Effective October 1, 1999, schedule of life
2284 insurance benefits--group term: The amount of term life insurance
2285 for each active employee of any school district, community/junior
2286 college, public library or university-based program authorized
2287 under Section 37-23-31 for deaf, aphasic and emotionally disturbed
2288 children or any regular nonstudent bus driver shall not be in
2289 excess of One Hundred Thousand Dollars (\$100,000.00), or twice the
2290 amount of the employee's annual wage to the next highest One
2291 Thousand Dollars (\$1,000.00), whichever may be less, but in no
2292 case less than Thirty Thousand Dollars (\$30,000.00), with a like
2293 amount for accidental death and dismemberment on a

2294 twenty-four-hour basis. The plan will further contain a premium
2295 waiver provision if a covered employee of any school district,
2296 community/junior college, public library or university-based
2297 program authorized under Section 37-23-31 for deaf, aphasic and
2298 emotionally disturbed children or any regular nonstudent bus
2299 driver becomes totally and permanently disabled prior to age
2300 sixty-five (65) years. Employees of any school district,
2301 community/junior college, public library or university-based
2302 program authorized under Section 37-23-31 for deaf, aphasic and
2303 emotionally disturbed children or any regular nonstudent bus
2304 driver retiring after September 30, 1999, shall be eligible to
2305 continue life insurance coverage in an amount of Five Thousand
2306 Dollars (\$5,000.00), Ten Thousand Dollars (\$10,000.00) or Twenty
2307 Thousand Dollars (\$20,000.00) into retirement.

2308 (4) Any eligible employee who on March 1, 1971, was
2309 participating in a group life insurance program which has
2310 provisions different from those included herein and for which the
2311 State of Mississippi was paying a part of the premium may, at his
2312 discretion, continue to participate in such plan. Such employee
2313 shall pay in full all additional costs, if any, above the minimum
2314 program established by this article. Under no circumstances shall
2315 any individual who begins employment with the state after March 1,
2316 1971, be eligible for the provisions of this subsection.

2317 (5) The board may offer medical savings accounts as defined
2318 in Section 71-9-3 as a plan option.

2319 (6) Any premium differentials, differences in coverages,
2320 discounts determined by risk or by any other factors shall be
2321 uniformly applied to all active employees participating in the
2322 insurance plan. It is the intent of the Legislature that the
2323 state contribution to the plan be the same for each employee
2324 throughout the state.

2325 (7) On October 1, 1999, any school district,
2326 community/junior college district or public library may elect to

2327 remain with an existing policy or policies of group life insurance
2328 with an insurance company approved by the State and School
2329 Employees Health Insurance Management Board, in lieu of
2330 participation in the State and School Life Insurance Plan. On or
2331 after July 1, 2004, until October 1, 2004, any school district,
2332 community/junior college district or public library may elect to
2333 choose a policy or policies of group life insurance existing on
2334 October 1, 1999, with an insurance company approved by the State
2335 and School Employees Health Insurance Management Board in lieu of
2336 participation in the State and School Life Insurance Plan. The
2337 state's contribution of up to fifty percent (50%) of the active
2338 employee's premium under the State and School Life Insurance Plan
2339 may be applied toward the cost of coverage for full-time employees
2340 participating in the approved life insurance company group plan.
2341 For purposes of this subsection (7), "life insurance company group
2342 plan" means a plan administered or sold by a private insurance
2343 company. After October 1, 1999, the board may assess charges in
2344 addition to the existing State and School Life Insurance Plan
2345 rates to such employees as a condition of enrollment in the State
2346 and School Life Insurance Plan. In order for any life insurance
2347 company group plan to be approved by the State and School
2348 Employees Health Insurance Management Board under this subsection
2349 (7), it shall meet the following criteria:

2350 (a) The insurance company offering the group life
2351 insurance plan shall be rated "A-" or better by A.M. Best state
2352 insurance rating service and be licensed as an admitted carrier in
2353 the State of Mississippi by the Mississippi Department of
2354 Insurance.

2355 (b) The insurance company group life insurance plan
2356 shall provide the same life insurance, accidental death and
2357 dismemberment insurance and waiver of premium benefits as provided
2358 in the State and School Life Insurance Plan.

2359 (c) The insurance company group life insurance plan
2360 shall be fully insured, and no form of self-funding life insurance
2361 by such company shall be approved.

2362 (d) The insurance company group life insurance plan
2363 shall have one (1) composite rate per One Thousand Dollars
2364 (\$1,000.00) of coverage for active employees regardless of age and
2365 one (1) composite rate per One Thousand Dollars (\$1,000.00) of
2366 coverage for all retirees regardless of age or type of retiree.

2367 (e) The insurance company and its group life insurance
2368 plan shall comply with any administrative requirements of the
2369 State and School Employees Health Insurance Management Board. In
2370 the event any insurance company providing group life insurance
2371 benefits to employees under this subsection (7) fails to comply
2372 with any requirements specified herein or any administrative
2373 requirements of the board, the state shall discontinue providing
2374 funding for the cost of such insurance.

2375 * * *

2376 **SECTION 15.** Section 25-15-11, Mississippi Code of 1972, is
2377 amended as follows:

2378 * * *

2379 25-15-11. (1) The board is authorized to execute a contract
2380 or contracts to provide the benefits under the plan. Such
2381 contract or contracts may be executed with one or more
2382 corporations or associations licensed to transact life and
2383 accident and health insurance business in this state; however, no
2384 such contract shall be executed with any corporation, association
2385 or company domiciled in any other state except that such
2386 corporation, association or company shall meet the conditions and
2387 terms for a like contract established by the state of the domicile
2388 of such corporation, association or company for a Mississippi
2389 corporation, association or company. No corporation, association
2390 or company with less than five (5) years' experience in the life
2391 and health field may bid. All of the benefits to be provided

2392 under the plan may be included in one or more similar contracts,
2393 or the benefits may be classified into different types with each
2394 type included under one or more similar contracts issued by the
2395 same or different companies.

2396 The board shall supply the statistical information upon which
2397 a quotation is to be calculated, upon request, to all carriers
2398 licensed in the state. Bids may be accepted at the discretion of
2399 the board, and the board shall have the right to adjust rates on
2400 an annual basis if the board shall deem such adjustment necessary.
2401 The plan for active employees shall be on retention accounting
2402 basis, and a separate retention accounting basis shall be used for
2403 retired employees. Any additional written information the carrier
2404 wishes to submit, supporting the proposed benefits and premium
2405 rate, may accompany the proposal. After receiving the proposals,
2406 the board shall determine whether to contract with the carrier
2407 which has been determined to have submitted the lowest and best
2408 bid, or to reject all such bids and receive new proposals.

2409 The board shall authorize any corporation licensed to
2410 transact accident and health insurance business in this state
2411 issuing any such contract to reinsure portions of such contract
2412 with any other such corporation which elected to be a reinsurer
2413 and is legally competent to enter into a reinsurance agreement.
2414 The board may designate one or more of such corporations as the
2415 administering corporation or corporations. Each employee who is
2416 covered under any such contract or contracts shall receive a
2417 certificate setting forth the benefits to which the employee is
2418 entitled thereunder, to whom such benefits shall be payable, to
2419 whom claims should be submitted, and summarizing the provisions of
2420 the contract principally affecting the employee. Such certificate
2421 shall be in lieu of the certificate which the corporation or
2422 corporations issuing such contract or contracts would otherwise
2423 issue.

2424 The board may, as of the end of any contract year,
2425 discontinue any contract or contracts it has executed with any
2426 corporation or corporations and replace it or them with a contract
2427 or contracts in any other corporation or corporations meeting the
2428 requirements of this section.

2429 The board may reject any and all bids and contracts under
2430 this section and may elect for the state to become a self-insurer;
2431 however, administration and service of any such self-insured
2432 program may be contracted to a third party by the board.

2433 Any contract with a third party to administer the plan shall
2434 be bid and entered into in accordance with the procedures provided
2435 in Section 25-15-301.

2436 (2) By September 30 of each year, the board shall report to
2437 the Joint Legislative Budget Committee, Senate Insurance
2438 Committee, House Insurance Committee, Senate Education Committee,
2439 House Education Committee and Joint Legislative Committee on
2440 Performance Evaluation and Expenditure Review the condition of the
2441 State and School Employees Life and Health Insurance Plan. Such
2442 report shall contain for the most recently completed fiscal year,
2443 but not be limited to, the following:

2444 (a) The plan's financial condition at the close of the
2445 fiscal year.

2446 (b) The history of yearly claims paid and premiums
2447 received for each premium class, including, but not limited to,
2448 active employees, dependents and retirees.

2449 (c) The history of loss ratios for the active
2450 employees, dependents and retirees premium classes as well as
2451 historical trend of such ratios. For the purposes of this
2452 section, the term "loss ratios" means claims paid by the plan for
2453 each premium class divided by premiums received by the plan for
2454 insurance coverage of the members in that premium class.

2455 (d) Budgetary information, including:

2456 (i) A detailed breakdown of all expenditures of
2457 the plan, administrative and otherwise, for the most recently
2458 completed fiscal year and projected expenditures, administrative
2459 and otherwise, for the current and next fiscal year;

2460 (ii) A schedule of all contracts, administrative
2461 and otherwise, executed for the benefit of the plan during the
2462 most recent completed fiscal year and those executed and
2463 anticipated for the current fiscal year; and

2464 (iii) A description of the processes used by the
2465 board to procure all contracts, administrative and otherwise, as
2466 well as a description of the scope of services to be provided by
2467 each contractor.

2468 Budgetary information shall be provided in a format
2469 designated by the Joint Legislative Budget Committee.

2470 The Joint Legislative Budget Committee, Senate Insurance
2471 Committee, House Insurance Committee, Senate Education Committee,
2472 House Education Committee and Joint Legislative Committee on
2473 Performance Evaluation and Expenditure Review may request
2474 additional information or reports from the board on an as-needed
2475 basis.

2476 (3) Annually, the board shall request, and the Department of
2477 Audit shall conduct, a comprehensive audit of the State and School
2478 Employees Life and Health Insurance Plan. For purposes of this
2479 section, the audit required herein shall be separate and distinct
2480 from any audit prepared in conjunction with the development of the
2481 Comprehensive Annual Financial Report (CAFR).

2482 * * *

2483 **SECTION 16.** Section 25-15-14, Mississippi Code of 1972, is
2484 amended as follows:

2485 * * *

2486 25-15-14. Any elected state or district official who does
2487 not run for reelection or who is defeated before being entitled to
2488 receive a retirement allowance shall be eligible to continue to

2489 participate in the State and School Employees Health Insurance
2490 Plan under the same conditions and coverages for retired
2491 employees.

2492 * * *

2493 **SECTION 17.** Section 25-15-15, Mississippi Code of 1972, is
2494 amended as follows:

2495 * * *

2496 25-15-15. (1) The board is authorized to determine the
2497 manner in which premiums and contributions by the state agencies,
2498 local school districts, colleges, universities, community/junior
2499 colleges and public libraries shall be collected to provide the
2500 self-insured health insurance program for employees as provided
2501 under this article. The state shall provide fifty percent (50%)
2502 of the cost of the above life insurance plan for all active
2503 full-time employees. The state shall provide one hundred percent
2504 (100%) of the cost of the health insurance plan for active
2505 full-time employees initially employed before January 1, 2006.
2506 For active full-time employees initially employed on or after
2507 January 1, 2006, the state shall provide one hundred percent
2508 (100%) of the cost of a basic level of health insurance and the
2509 employees may pay additional amounts to purchase additional
2510 benefits or levels of coverage offered under the plan. All active
2511 full-time employees shall be given the opportunity to purchase
2512 coverage for their eligible dependents with the premiums for such
2513 dependent coverage, as well as the employee's fifty percent (50%)
2514 share for his life insurance coverage, to be deductible from the
2515 employee's salary by the agency, department or institution head,
2516 which deductions, together with the fifty percent (50%) share of
2517 such life insurance premiums of such employing agency, department
2518 or institution head from funds appropriated to or authorized to be
2519 expended by the employing agency, department or institution head,
2520 shall be deposited directly into a depository bank or special fund
2521 in the State Treasury, as determined by the board. These funds

2522 and interest earned on these funds may be used for the
2523 disbursement of claims and shall be exempt from the appropriation
2524 process.

2525 (2) The state shall provide annually, by line item in the
2526 Mississippi Library Commission appropriation bill, such funds to
2527 pay one hundred percent (100%) of the cost of health insurance
2528 under the State and School Employees Health Insurance Plan for
2529 full-time library staff members in each public library in
2530 Mississippi initially employed before January 1, 2006. For
2531 full-time library staff members initially employed on or after
2532 January 1, 2006, the state shall provide one hundred percent
2533 (100%) of the cost of a basic level of health insurance under the
2534 State and School Employees Health Insurance Plan and the employees
2535 may pay additional amounts to purchase additional benefits or
2536 levels of coverage offered under the plan. The commission shall
2537 allot to each public library a sufficient amount of those funds
2538 appropriated to pay the costs of insurance for eligible employees.
2539 Any funds so appropriated by line item which are not expended
2540 during the fiscal year for which such funds were appropriated
2541 shall be carried forward for the same purposes during the next
2542 succeeding fiscal year. If any premiums for the health insurance
2543 and/or late charges and interest penalties are not paid by a
2544 public library in a timely manner, as defined by the board, the
2545 Mississippi Library Commission, upon notice by the board, shall
2546 immediately withhold all subsequent disbursements of funds to that
2547 public library.

2548 (3) The state shall annually provide one hundred percent
2549 (100%) of the cost of the health insurance plan for public school
2550 district employees who work no less than twenty (20) hours during
2551 each week and regular nonstudent school bus drivers, if such
2552 employees and school bus drivers were initially employed before
2553 January 1, 2006. For such employees and school bus drivers
2554 initially employed on or after January 1, 2006, the state shall

2555 provide one hundred percent (100%) of the cost of a basic level of
2556 health insurance under the State and School Employees Health
2557 Insurance Plan and the employees may pay additional amounts to
2558 purchase additional benefits or levels of coverage offered under
2559 the plan. Where federal funding is allowable to defray, in full
2560 or in part, the cost of participation in the program by district
2561 employees who work no less than twenty (20) hours during the week
2562 and regular nonstudent bus drivers, whose salaries are paid, in
2563 full or in part, by federal funds, the allowance under this
2564 section shall be reduced to the extent of such federal funding.
2565 Where the use of federal funds is allowable but not available, it
2566 is the intent of the Legislature that school districts contribute
2567 the cost of participation for such employees from local funds,
2568 except that parent fees for child nutrition programs shall not be
2569 increased to cover such cost.

2570 (4) The state shall provide annually, by line item in the
2571 community/junior college appropriation bill, such funds to pay one
2572 hundred percent (100%) of the cost of the health insurance plan
2573 for community/junior college district employees initially employed
2574 before January 1, 2006, who work no less than twenty (20) hours
2575 during each week. For such employees initially employed on or
2576 after January 1, 2006, the state shall provide one hundred percent
2577 (100%) of the cost of a basic level of health insurance under the
2578 State and School Employees Health Insurance Plan and the employees
2579 may pay additional amounts to purchase additional benefits or
2580 levels of coverage offered under the plan.

2581 (5) When the use of federal funding is allowable to defray,
2582 in full or in part, the cost of participation in the insurance
2583 plan by community/junior college district employees who work no
2584 less than twenty (20) hours during each week, whose salaries are
2585 paid, in full or in part, by federal funds, the allowance under
2586 this section shall be reduced to the extent of the federal
2587 funding. Where the use of federal funds is allowable but not

2588 available, it is the intent of the Legislature that
2589 community/junior college districts contribute the cost of
2590 participation for such employees from local funds.

2591 (6) Any community/junior college district may contribute to
2592 the cost of coverage for any district employee from local
2593 community/junior college district funds, and any public school
2594 district may contribute to the cost of coverage for any district
2595 employee from nonminimum program funds. Any part of the cost of
2596 such coverage for participating employees of public school
2597 districts and public community/junior college districts that is
2598 not paid by the state shall be paid by the participating
2599 employees, which shall be deducted from the salaries of the
2600 employees in a manner determined by the board.

2601 (7) Any funds appropriated for the cost of insurance by line
2602 item in the community/junior colleges appropriation bill which are
2603 not expended during the fiscal year for which such funds were
2604 appropriated shall be carried forward for the same purposes during
2605 the next succeeding fiscal year.

2606 (8) The board may establish and enforce late charges and
2607 interest penalties or other penalties for the purpose of requiring
2608 the prompt payment of all premiums for life and health insurance
2609 permitted under Chapter 15 of Title 25. All funds in excess of
2610 the amount needed for disbursement of claims shall be deposited in
2611 a special fund in the State Treasury to be known as the State and
2612 School Employees Insurance Fund. The State Treasurer shall invest
2613 all funds in the State and School Employees Insurance Fund and all
2614 interest earned shall be credited to the State and School
2615 Employees Insurance Fund. Such funds shall be placed with one or
2616 more depositories of the state and invested on the first day such
2617 funds are available for investment in certificates of deposit,
2618 repurchase agreements or in United States Treasury bills or as
2619 otherwise authorized by law for the investment of Public
2620 Employees' Retirement System funds, as long as such investment is

2621 made from competitive offering and at the highest and best market
2622 rate obtainable consistent with any available investment
2623 alternatives; however, such investments shall not be made in
2624 shares of stock, common or preferred, or in any other investments
2625 which would mature more than one (1) year from the date of
2626 investment. The board shall have the authority to draw from this
2627 fund periodically such funds as are necessary to operate the
2628 self-insurance plan or to pay to the insurance carrier the cost of
2629 operation of this plan, it being the purpose to limit the amount
2630 of participation by the state to fifty percent (50%) of the cost
2631 of the life insurance program and not to limit the contracting for
2632 additional benefits where the cost will be paid in full by the
2633 employee. The state shall not share in the cost of coverage for
2634 retired employees.

2635 (9) The board shall also provide for the creation of an
2636 Insurance Reserve Fund and funds therein shall be invested by the
2637 State Treasurer with all interest earned credited to the State and
2638 School Employees Insurance Fund.

2639 (10) Any retired employee electing to purchase retired life
2640 and health insurance will have the full cost of such insurance
2641 deducted monthly from his State of Mississippi retirement plan
2642 check or direct billed for the cost of the premium if the
2643 retirement check is insufficient to pay for the premium. If the
2644 board determines actuarially that the premium paid by the
2645 participating retirees adversely affects the overall cost of the
2646 plan to the state, then the board may impose a premium surcharge,
2647 not to exceed fifteen percent (15%), upon such participating
2648 retired employees who are under the age for Medicare eligibility
2649 and who were initially employed before January 1, 2006. For
2650 participating retired employees who are under the age for Medicare
2651 eligibility and who were initially employed on or after January 1,
2652 2006, the board may impose a premium surcharge in an amount the
2653 board determines actuarially to cover the full cost of insurance.

2654 * * *

2655 **SECTION 18.** Section 25-15-103, Mississippi Code of 1972, is
2656 amended as follows:

2657 * * *

2658 25-15-103. The maximum amount of group insurance or other
2659 coverage used in determining employer's limitation of one hundred
2660 percent (100%) of such costs shall be determined by regulations
2661 promulgated by the governing board or head of any political
2662 subdivision, school district, junior college district,
2663 institution, department or agency named in Sections 25-15-101 and
2664 25-15-103, but the life insurance for each employee shall not
2665 exceed Fifty Thousand Dollars (\$50,000.00), or the amount of
2666 deduction allowed by the United States Internal Revenue Service in
2667 filing a federal tax return, whichever is greater. A like amount
2668 may be for accidental death, accident, health and salary
2669 protection insurance, providing benefits not exceeding sixty
2670 percent (60%) of the employee's income, or the amount allowed by
2671 the United States Internal Revenue Service in filing a federal tax
2672 return, whichever is greater. Hospitalization benefits for room
2673 and board may not exceed the average semiprivate cost per day; and
2674 the other coverages authorized hereinabove. The limitations in
2675 this paragraph on the amount of group insurance and other coverage
2676 which employers may obtain for their employees shall not be
2677 applicable to municipalities.

2678 Any employee who retires due to one hundred percent (100%)
2679 medical disability, or due to reaching the statutory age of
2680 retirement under the provisions of the Public Employees'
2681 Retirement Law of 1952, being Sections 25-11-101 through
2682 25-11-139, may, if he elects, remain a member of the group plan
2683 for such life insurance and other benefits as may be agreed to by
2684 the governing board or institution, department, or agency head and
2685 the companies writing such insurance and other coverage, by paying
2686 the entire costs thereof.

2687 When any of the political subdivisions, school districts,
2688 junior college districts, institutions, departments, or agencies
2689 named in Sections 25-15-101 and 25-15-103 have adopted the group
2690 coverage plan authorized by said sections, any of the employees
2691 thereof participating in the plan who desire to secure additional
2692 benefits for their dependents with the company or companies
2693 providing such group coverage may do so by authorizing in writing
2694 the deduction from his or her salary or wages of the necessary
2695 amounts for the full payment of such additional coverage, and the
2696 same may be deducted and paid for such purposes, but the entire
2697 cost of such additional coverage for dependents shall be paid by
2698 the employee.

2699 Said municipality may provide group life insurance coverage
2700 for all or specified groups of its public employees and group
2701 hospitalization benefits for such public employees and their
2702 dependents, and the municipality may pay the total of the cost of
2703 all benefits under this section.

2704 * * *

2705 **SECTION 19.** Sections 25-11-143 and 25-11-145, Mississippi
2706 Code of 1972, which require the Board of Trustees of the Public
2707 Employees Retirement System to design and plan of health insurance
2708 for all current and future retirees that shall be implemented when
2709 the unfunded liability of the system reaches a certain level and
2710 provide the manner in which the funds receive by the program shall
2711 be invested, are repealed.

2712 **SECTION 20.** This act shall take effect and be in force from
2713 and after July 1, 2006.