

By: Senator(s) Harden

To: Finance

## SENATE BILL NO. 2197

1 AN ACT TO AUTHORIZE MEMBERS OF THE PUBLIC EMPLOYEES'  
 2 RETIREMENT SYSTEM WHO HAVE REACHED THEIR NORMAL RETIREMENT DATE TO  
 3 PARTICIPATE IN A DEFERRED RETIREMENT OPTION PROGRAM (DROP) UNDER  
 4 WHICH THE EMPLOYEE MAY RETIRE AND CONTINUE WORKING FOR A SPECIFIED  
 5 PERIOD AND RECEIVE HIS OR HER REGULAR SALARY, WHILE HAVING THE  
 6 RETIREMENT BENEFIT HE OR SHE WOULD HAVE OTHERWISE RECEIVED PAID  
 7 INTO AN ACCOUNT FOR THE MEMBER'S BENEFIT; TO PROVIDE THAT MONEY IN  
 8 SUCH ACCOUNT WILL BE PAID TO THE MEMBER UPON COMPLETION OF THE  
 9 DROP PERIOD; TO PROVIDE THAT THE MEMBER MUST ELECT TO PARTICIPATE  
 10 IN THE PROGRAM WITHIN 12 MONTHS IMMEDIATELY FOLLOWING THE DATE  
 11 UPON WHICH THE MEMBER REACHED HIS OR HER NORMAL RETIREMENT DATE;  
 12 TO PROVIDE THAT THE DROP PERIOD MAY BE FOR ANY TIME NOT EXCEEDING  
 13 FIVE YEARS; TO PROVIDE THAT THE DECISION TO PARTICIPATE IN THE  
 14 DROP PROGRAM IS IRREVOCABLE ONCE IT IS MADE; TO PROVIDE THAT THE  
 15 DROP ACCOUNT FOR THE BENEFIT OF THE MEMBER SHALL BE HELD IN  
 16 RESERVE UNTIL THE END OF THE DROP PERIOD; TO PROVIDE THAT REGULAR  
 17 INTEREST SHALL BE PAID ON MONIES IN THE DROP ACCOUNT DURING THE  
 18 TIME THAT THE MEMBER PARTICIPATES IN THE DROP PROGRAM AND UNTIL  
 19 THE MONIES ARE PAID TO THE MEMBER; TO PROVIDE THAT THE MEMBER  
 20 SHALL RECEIVE THE ACCUMULATED MONIES IN THE DROP ACCOUNT IN  
 21 ADDITION TO THE REGULAR RETIREMENT ALLOWANCE AT THE END OF THE  
 22 DROP PERIOD; TO PROVIDE THAT ANY MEMBER PARTICIPATING IN THE DROP  
 23 PROGRAM SHALL NOT BE AN ACTIVE MEMBER OF THE RETIREMENT SYSTEM AND  
 24 SHALL NOT RECEIVE ANY CREDITABLE SERVICE FOR THE PERIOD OF  
 25 PARTICIPATION IN THE PROGRAM; TO AMEND SECTIONS 25-11-105,  
 26 25-11-109, 25-11-117 AND 25-11-127, MISSISSIPPI CODE OF 1972, IN  
 27 CONFORMITY THERETO; AND FOR RELATED PURPOSES.

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

29 **SECTION 1.** (1) There is established a Deferred Retirement  
 30 Option Program (DROP) for members of the Public Employees'  
 31 Retirement System which shall be administered by the board of  
 32 trustees of the retirement system. The DROP program will allow  
 33 any eligible member of the retirement system to retire and  
 34 continue working as a public employee for any period selected by  
 35 the person not exceeding five (5) years. The eligible member  
 36 shall receive his or her regular salary during the selected DROP  
 37 period and the retirement allowance he or she would have otherwise  
 38 received during the DROP period will be paid into an account for  
 39 the benefit of the member. The proceeds of the account will be

40 paid to the member upon termination of the selected DROP period.  
41 This payment shall be in addition to the member's regular  
42 retirement allowance which shall begin being paid directly to the  
43 member at the termination of the selected DROP period.

44 (2) Members who desire to participate in the DROP program  
45 must sign up for the program within twelve (12) months immediately  
46 following the date upon which the member first reaches his or her  
47 normal retirement date. For purposes of this section, a person's  
48 normal retirement date is the date upon which the person  
49 accumulates twenty-five (25) years of creditable service; however,  
50 if a person reaches normal retirement age prior to age sixty (60),  
51 the decision to participate may be deferred to the twelve (12)  
52 months immediately following the date the member attains the age  
53 of fifty-five (55). The decision to participate in the DROP  
54 program is irrevocable once it is made, and a member participating  
55 in the DROP program may not terminate participation before the end  
56 of the selected period of participation without terminating  
57 employment.

58 (3) Any eligible member who wishes to participate in the  
59 DROP program shall apply to the retirement system. In the  
60 application, the member must select a period of participation of  
61 one (1) to five (5) years, which period shall be irrevocable once  
62 it is made. Participation in the DROP program shall begin on the  
63 first day of the month following the month in which the member's  
64 application is approved by the board of trustees of the retirement  
65 system.

66 (4) During the time that a member participates in the DROP  
67 program, the member shall receive the regular salary for his or  
68 her position, and the retirement system shall deposit monthly into  
69 a DROP account for the benefit of the member the retirement  
70 allowance that the member would have received if the member had  
71 retired and not participated in the DROP program. The DROP  
72 account shall be held in reserve until the end of the period of

73 participation in the DROP program, and regular interest shall be  
74 paid on the monies in the DROP account during the time that the  
75 member participates in the DROP program and until the monies are  
76 paid to the member. At the end of the period that the member  
77 participates in the DROP program, the member shall receive the  
78 accumulated monies in the DROP account, including all interest  
79 earned on the account, in a lump sum or in monthly installment  
80 payments, as selected by the member. In addition, the member  
81 shall receive his or her regular retirement allowance under  
82 Section 25-11-111. The monies in the DROP account shall not be  
83 considered to be part of the member's regular retirement  
84 allowance; however, if the member chooses to have the monies in  
85 the DROP account paid in monthly installment payments, those  
86 monies shall be paid to the member at the same time as the regular  
87 retirement allowance.

88 (5) Any member participating in the DROP program shall not  
89 be an active member of the retirement system and shall not receive  
90 any creditable service for the period during which he or she  
91 participates in the program. In addition, the salary earned by  
92 the member while participating in the DROP program shall not be  
93 part of the member's earned compensation for the purposes of the  
94 retirement system and shall not be part of the member's average  
95 compensation used to calculate the member's retirement allowance.

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

99 (7) The definitions in Section 25-11-103 shall be applicable  
100 to the terms used in this section.

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

103 25-11-105. **I. THOSE WHO ARE ELIGIBLE FOR MEMBERSHIP**

104 The membership of this retirement system shall be composed as  
105 follows:

106           (a) (i) All persons who become employees in the state  
107 service after January 31, 1953, and whose wages are subject to  
108 payroll taxes and are lawfully reported on IRS Form W-2, except  
109 those specifically excluded, or as to whom election is provided in  
110 Articles 1 and 3, and those persons who are participating in the  
111 Deferred Retirement Option Program established under Section 1 of  
112 Senate Bill No. 2197, 2007 Regular Session, shall become members  
113 of the retirement system as a condition of their employment.

114           (ii) From and after July 1, 2002, any individual  
115 who is employed by a governmental entity to perform professional  
116 services shall become a member of the system if the individual is  
117 paid regular periodic compensation for those services that is  
118 subject to payroll taxes, is provided all other employee benefits  
119 and meets the membership criteria established by the regulations  
120 adopted by the board of trustees that apply to all other members  
121 of the system; however, any active member employed in such a  
122 position on July 1, 2002, will continue to be an active member for  
123 as long as they are employed in any such position.

124           (b) All persons who become employees in the state  
125 service after January 31, 1953, except those specifically excluded  
126 or as to whom election is provided in Articles 1 and 3, unless  
127 they file with the board before the lapse of sixty (60) days of  
128 employment or sixty (60) days after the effective date of the  
129 cited articles, whichever is later, on a form prescribed by the  
130 board, a notice of election not to be covered by the membership of  
131 the retirement system and a duly executed waiver of all present  
132 and prospective benefits that would otherwise inure to them on  
133 account of their participation in the system, shall become members  
134 of the retirement system; however, no credit for prior service  
135 will be granted to members until they have contributed to Article  
136 3 of the retirement system for a minimum period of at least four  
137 (4) years. Those members shall receive credit for services  
138 performed before January 1, 1953, in employment now covered by

139 Article 3, but no credit shall be granted for retroactive services  
140 between January 1, 1953, and the date of their entry into the  
141 retirement system, unless the employee pays into the retirement  
142 system both the employer's and the employee's contributions on  
143 wages paid him during the period from January 31, 1953, to the  
144 date of his becoming a contributing member, together with interest  
145 at the rate determined by the board of trustees. Members  
146 reentering after withdrawal from service shall qualify for prior  
147 service under the provisions of Section 25-11-117. From and after  
148 July 1, 1998, upon eligibility as noted above, the member may  
149 receive credit for such retroactive service provided:

150           (i) The member shall furnish proof satisfactory to  
151 the board of trustees of certification of that service from the  
152 covered employer where the services were performed; and

153           (ii) The member shall pay to the retirement system  
154 on the date he or she is eligible for that credit or at any time  
155 thereafter before the date of retirement the actuarial cost for  
156 each year of that creditable service. The provisions of this  
157 subparagraph (ii) shall be subject to the limitations of Section  
158 415 of the Internal Revenue Code and regulations promulgated under  
159 Section 415.

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

164           (c) All persons who become employees in the state  
165 service after January 31, 1953, and who are eligible for  
166 membership in any other retirement system shall become members of  
167 this retirement system as a condition of their employment, unless  
168 they elect at the time of their employment to become a member of  
169 that other system.

170           (d) All persons who are employees in the state service  
171 on January 31, 1953, and who are members of any nonfunded

172 retirement system operated by the State of Mississippi, or any of  
173 its departments or agencies, shall become members of this system  
174 with prior service credit unless, before February 1, 1953, they  
175 file a written notice with the board of trustees that they do not  
176 elect to become members.

177 (e) All persons who are employees in the state service  
178 on January 31, 1953, and who under existing laws are members of  
179 any fund operated for the retirement of employees by the State of  
180 Mississippi, or any of its departments or agencies, shall not be  
181 entitled to membership in this retirement system unless, before  
182 February 1, 1953, any such person indicates by a notice filed with  
183 the board, on a form prescribed by the board, his individual  
184 election and choice to participate in this system, but no such  
185 person shall receive prior service credit unless he becomes a  
186 member on or before February 1, 1953.

187 (f) Each political subdivision of the state and each  
188 instrumentality of the state or a political subdivision, or both,  
189 is authorized to submit, for approval by the board of trustees, a  
190 plan for extending the benefits of this article to employees of  
191 any such political subdivision or instrumentality. Each such plan  
192 or any amendment to the plan for extending benefits thereof shall  
193 be approved by the board of trustees if it finds that the plan, or  
194 the plan as amended, is in conformity with such requirements as  
195 are provided in Articles 1 and 3; however, upon approval of the  
196 plan or any such plan previously approved by the board of  
197 trustees, the approved plan shall not be subject to cancellation  
198 or termination by the political subdivision or instrumentality,  
199 except that any community hospital serving a municipality that  
200 joined the Public Employees' Retirement System as of November 1,  
201 1956, to offer social security coverage for its employees and  
202 subsequently extended retirement annuity coverage to its employees  
203 as of December 1, 1965, may, upon documentation of extreme  
204 financial hardship, have future retirement annuity coverage

205 cancelled or terminated at the discretion of the board of  
206 trustees. No such plan shall be approved unless:

207           (i) It provides that all services that constitute  
208 employment as defined in Section 25-11-5 and are performed in the  
209 employ of the political subdivision or instrumentality, by any  
210 employees thereof, shall be covered by the plan, with the  
211 exception of municipal employees who are already covered by  
212 existing retirement plans; however, those employees in this class  
213 may elect to come under the provisions of this article;

214           (ii) It specifies the source or sources from which  
215 the funds necessary to make the payments required by paragraph (d)  
216 of Section 25-11-123 and of paragraph (f)(v)2 and 3 of this  
217 section are expected to be derived and contains reasonable  
218 assurance that those sources will be adequate for that purpose;

219           (iii) It provides for such methods of  
220 administration of the plan by the political subdivision or  
221 instrumentality as are found by the board of trustees to be  
222 necessary for the proper and efficient administration thereof;

223           (iv) It provides that the political subdivision or  
224 instrumentality will make such reports, in such form and  
225 containing such information, as the board of trustees may from  
226 time to time require;

227           (v) It authorizes the board of trustees to  
228 terminate the plan in its entirety in the discretion of the board  
229 if it finds that there has been a failure to comply substantially  
230 with any provision contained in the plan, the termination to take  
231 effect at the expiration of such notice and on such conditions as  
232 may be provided by regulations of the board and as may be  
233 consistent with applicable federal law.

234           1. The board of trustees shall not finally  
235 refuse to approve a plan submitted under paragraph (f), and shall  
236 not terminate an approved plan without reasonable notice and  
237 opportunity for hearing to each political subdivision or

238 instrumentality affected by the board's decision. The board's  
239 decision in any such case shall be final, conclusive and binding  
240 unless an appeal is taken by the political subdivision or  
241 instrumentality aggrieved by the decision to the Circuit Court of  
242 Hinds County, Mississippi, in accordance with the provisions of  
243 law with respect to civil causes by certiorari.

244 2. Each political subdivision or  
245 instrumentality as to which a plan has been approved under this  
246 section shall pay into the contribution fund, with respect to  
247 wages (as defined in Section 25-11-5), at such time or times as  
248 the board of trustees may by regulation prescribe, contributions  
249 in the amounts and at the rates specified in the applicable  
250 agreement entered into by the board.

251 3. Every political subdivision or  
252 instrumentality required to make payments under paragraph (f)(v)2  
253 of this section is authorized, in consideration of the employees'  
254 retention in or entry upon employment after enactment of Articles  
255 1 and 3, to impose upon its employees, as to services that are  
256 covered by an approved plan, a contribution with respect to wages  
257 (as defined in Section 25-11-5) not exceeding the amount provided  
258 in Section 25-11-123(d) if those services constituted employment  
259 within the meaning of Articles 1 and 3, and to deduct the amount  
260 of the contribution from the wages as and when paid.

261 Contributions so collected shall be paid into the contribution  
262 fund as partial discharge of the liability of the political  
263 subdivisions or instrumentalities under paragraph (f)(v)2 of this  
264 section. Failure to deduct the contribution shall not relieve the  
265 employee or employer of liability for the contribution.

266 4. Any state agency, school, political  
267 subdivision, instrumentality or any employer that is required to  
268 submit contribution payments or wage reports under any section of  
269 this chapter shall be assessed interest on delinquent payments or  
270 wage reports as determined by the board of trustees in accordance



271 with rules and regulations adopted by the board and delinquent  
272 payments, assessed interest and any other amount certified by the  
273 board as owed by an employer, may be recovered by action in a  
274 court of competent jurisdiction against the reporting agency  
275 liable therefor or may, upon due certification of delinquency and  
276 at the request of the board of trustees, be deducted from any  
277 other monies payable to the reporting agency by any department or  
278 agency of the state.

279           5. Each political subdivision of the state  
280 and each instrumentality of the state or a political subdivision  
281 or subdivisions that submit a plan for approval of the board, as  
282 provided in this section, shall reimburse the board for coverage  
283 into the expense account, its pro rata share of the total expense  
284 of administering Articles 1 and 3 as provided by regulations of  
285 the board.

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

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

298           (i) If any member of this system changes his employment  
299 to any agency of the state having an actuarially funded retirement  
300 system, the board of trustees may authorize the transfer of the  
301 member's creditable service and of the present value of the  
302 member's employer's accumulation account and of the present value  
303 of the member's accumulated membership contributions to that other

304 system, provided that the employee agrees to the transfer of his  
305 accumulated membership contributions and provided that the other  
306 system is authorized to receive and agrees to make the transfer.

307 If any member of any other actuarially funded system  
308 maintained by an agency of the state changes his employment to an  
309 agency covered by this system, the board of trustees may authorize  
310 the receipt of the transfer of the member's creditable service and  
311 of the present value of the member's employer's accumulation  
312 account and of the present value of the member's accumulated  
313 membership contributions from the other system, provided that the  
314 employee agrees to the transfer of his accumulated membership  
315 contributions to this system and provided that the other system is  
316 authorized and agrees to make the transfer.

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

320 (k) Employees of a political subdivision or  
321 instrumentality who were employed by the political subdivision or  
322 instrumentality before an agreement between the entity and the  
323 Public Employees' Retirement System to extend the benefits of this  
324 article to its employees, and which agreement provides for the  
325 establishment of retroactive service credit, and who have been  
326 members of the retirement system and have remained contributors to  
327 the retirement system for four (4) years, may receive credit for  
328 that retroactive service with the political subdivision or  
329 instrumentality, provided that the employee and/or employer, as  
330 provided under the terms of the modification of the joinder  
331 agreement in allowing that coverage, pay into the retirement  
332 system the employer's and employee's contributions on wages paid  
333 the member during the previous employment, together with interest  
334 or actuarial cost as determined by the board covering the period  
335 from the date the service was rendered until the payment for the  
336 credit for the service was made. Those wages shall be verified by

337 the Social Security Administration or employer payroll records.  
338 Effective July 1, 1998, upon eligibility as noted above, a member  
339 may receive credit for that retroactive service with the political  
340 subdivision or instrumentality provided:

341           (i) The member shall furnish proof satisfactory to  
342 the board of trustees of certification of those services from the  
343 political subdivision or instrumentality where the services were  
344 rendered or verification by the Social Security Administration;  
345 and

346           (ii) The member shall pay to the retirement system  
347 on the date he or she is eligible for that credit or at any time  
348 thereafter before the date of retirement the actuarial cost for  
349 each year of that creditable service. The provisions of this  
350 subparagraph (ii) shall be subject to the limitations of Section  
351 415 of the Internal Revenue Code and regulations promulgated under  
352 Section 415.

353           Nothing contained in this paragraph (k) shall be construed to  
354 limit the authority of the board to allow the correction of  
355 reporting errors or omissions based on the payment of employee and  
356 employer contributions plus applicable interest. Payment for that  
357 time shall be made in increments of not less than one-quarter  
358 (1/4) year of creditable service beginning with the most recent  
359 service. Upon the payment of all or part of the required  
360 contributions, plus interest or the actuarial cost as provided  
361 above, the member shall receive credit for the period of  
362 creditable service for which full payment has been made to the  
363 retirement system.

364           (1) Through June 30, 1998, any state service eligible  
365 for retroactive service credit, no part of which has ever been  
366 reported, and requiring the payment of employee and employer  
367 contributions plus interest, or, from and after July 1, 1998, any  
368 state service eligible for retroactive service credit, no part of  
369 which has ever been reported to the retirement system, and

370 requiring the payment of the actuarial cost for that creditable  
371 service, may, at the member's option, be purchased in quarterly  
372 increments as provided above at the time that its purchase is  
373 otherwise allowed.

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

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

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

381 (a) Patient or inmate help in state charitable, penal  
382 or correctional institutions;

383 (b) Students of any state educational institution  
384 employed by any agency of the state for temporary, part-time or  
385 intermittent work;

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

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

393 **III. TERMINATION OF MEMBERSHIP**

394 Membership in this system shall cease by a member withdrawing  
395 his accumulated contributions, or by a member withdrawing from  
396 active service with a retirement allowance, or by a member's  
397 death.

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

400 25-11-109. (1) Under such rules and regulations as the  
401 board of trustees shall adopt, each person who becomes a member of  
402 this retirement system, as provided in Section 25-11-105, on or

403 prior to July 1, 1953, or who becomes a member and contributes to  
404 the system for a minimum period of four (4) years, shall receive  
405 credit for all state service rendered before February 1, 1953. To  
406 receive such credit, such member shall file a detailed statement  
407 of all services as an employee rendered by him in the state  
408 service before February 1, 1953. For any member who joined the  
409 system after July 1, 1953, any creditable service for which the  
410 member is not required to make contributions shall not be credited  
411 to the member until the member has contributed to the system for a  
412 minimum period of at least four (4) years.

413 (2) In the computation of membership service or prior  
414 service under the provisions of this article, the total months of  
415 accumulative service during any fiscal year shall be calculated in  
416 accordance with the schedule as follows: ten (10) or more months  
417 of creditable service during any fiscal year shall constitute a  
418 year of creditable service; seven (7) months to nine (9) months  
419 inclusive, three-quarters (3/4) of a year of creditable service;  
420 four (4) months to six (6) months inclusive, one-half-year of  
421 creditable service; one (1) month to three (3) months inclusive,  
422 one-quarter (1/4) of a year of creditable service. In no case  
423 shall credit be allowed for any period of absence without  
424 compensation except for disability while in receipt of a  
425 disability retirement allowance, nor shall less than fifteen (15)  
426 days of service in any month, or service less than the equivalent  
427 of one-half (1/2) of the normal working load for the position and  
428 less than one-half (1/2) of the normal compensation for the  
429 position in any month, constitute a month of creditable service,  
430 nor shall more than one (1) year of service be creditable for all  
431 services rendered in any one (1) fiscal year; however, for a  
432 school employee, substantial completion of the legal school term  
433 when and where the service was rendered shall constitute a year of  
434 service credit for both prior service and membership service. Any  
435 state or local elected official shall be deemed a full-time

436 employee for the purpose of creditable service for prior service  
437 or membership service. However, an appointed or elected official  
438 compensated on a per diem basis only shall not be allowed  
439 creditable service for terms of office.

440 In the computation of any retirement allowance or any annuity  
441 or benefits provided in this article, any fractional period of  
442 service of less than one (1) year shall be taken into account and  
443 a proportionate amount of such retirement allowance, annuity or  
444 benefit shall be granted for any such fractional period of  
445 service.

446 In the computation of unused leave for creditable service  
447 authorized in Section 25-11-103, the following shall govern:  
448 twenty-one (21) days of unused leave shall constitute one (1)  
449 month of creditable service and in no case shall credit be allowed  
450 for any period of unused leave of less than fifteen (15) days.  
451 The number of months of unused leave shall determine the number of  
452 quarters or years of creditable service in accordance with the  
453 above schedule for membership and prior service. In order for the  
454 member to receive creditable service for the number of days of  
455 unused leave, the system must receive certification from the  
456 governing authority.

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

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

464 (b) For service on and after July 1, 1984, the member  
465 shall receive credit for personal and major medical leave  
466 beginning July 1, 1984, at the rates authorized in Sections  
467 25-3-93 and 25-3-95, computed as a full-time employee.

468           (3) Subject to the above restrictions and to such other  
469 rules and regulations as the board may adopt, the board shall  
470 verify, as soon as practicable after the filing of such statements  
471 of service, the services therein claimed.

472           (4) Upon verification of the statement of prior service, the  
473 board shall issue a prior service certificate certifying to each  
474 member the length of prior service for which credit shall have  
475 been allowed on the basis of his statement of service. So long as  
476 membership continues, a prior service certificate shall be final  
477 and conclusive for retirement purposes as to such service,  
478 provided that any member may within five (5) years from the date  
479 of issuance or modification of such certificate request the board  
480 of trustees to modify or correct his prior service certificate.  
481 Any modification or correction authorized shall only apply  
482 prospectively.

483           When membership ceases, such prior service certificates shall  
484 become void. Should the employee again become a member, he shall  
485 enter the system as an employee not entitled to prior service  
486 credit except as provided in Sections 25-11-105(I), 25-11-113 and  
487 25-11-117.

488           (5) Creditable service at retirement, on which the  
489 retirement allowance of a member shall be based, shall consist of  
490 the membership service rendered by him since he last became a  
491 member, and also, if he has a prior service certificate which is  
492 in full force and effect, the amount of the service certified on  
493 his prior service certificate. Creditable service shall not  
494 consist of any service rendered while participating in the  
495 Deferred Retirement Option Program established under Section 1 of  
496 Senate Bill No. 2197, 2007 Regular Session.

497           (6) Any member who served on active duty in the Armed Forces  
498 of the United States, who served in the Commissioned Corps of the  
499 United States Public Health Service prior to 1972 or who served in  
500 maritime service during periods of hostility in World War II,

501 shall be entitled to creditable service at no cost for his service  
502 on active duty in the Armed Forces, in the Commissioned Corps of  
503 the United States Public Health Service prior to 1972 or in such  
504 maritime service, provided he entered state service after his  
505 discharge from the Armed Forces or entered state service after he  
506 completed such maritime service. The maximum period for such  
507 creditable service for all military service as defined in this  
508 subsection (6) shall not exceed four (4) years unless positive  
509 proof can be furnished by such person that he was retained in the  
510 Armed Forces during World War II or in maritime service during  
511 World War II by causes beyond his control and without opportunity  
512 of discharge. The member shall furnish proof satisfactory to the  
513 board of trustees of certification of military service or maritime  
514 service records showing dates of entrance into active duty service  
515 and the date of discharge. From and after July 1, 1993, no  
516 creditable service shall be granted for any military service or  
517 maritime service to a member who qualifies for a retirement  
518 allowance in another public retirement system administered by the  
519 Board of Trustees of the Public Employees' Retirement System based  
520 in whole or in part on such military or maritime service. In no  
521 case shall the member receive creditable service if the member  
522 received a dishonorable discharge from the Armed Forces of the  
523 United States.

524 (7) (a) Any member of the Public Employees' Retirement  
525 System whose membership service is interrupted as a result of  
526 qualified military service within the meaning of Section 414(u)(5)  
527 of the Internal Revenue Code, and who has received the maximum  
528 service credit available under subsection (6) of this section,  
529 shall receive creditable service for the period of qualified  
530 military service that does not qualify as creditable service under  
531 subsection (6) of this section upon reentering membership service  
532 in an amount not to exceed five (5) years if:



533                   (i) The member pays the contributions he would  
534 have made to the retirement system if he had remained in  
535 membership service for the period of qualified military service  
536 based upon his salary at the time his membership service was  
537 interrupted;

538                   (ii) The member returns to membership service  
539 within ninety (90) days of the end of his qualified military  
540 service; and

541                   (iii) The employer at the time the member's  
542 service was interrupted and to which employment the member returns  
543 pays the contributions it would have made into the retirement  
544 system for such period based on the member's salary at the time  
545 the service was interrupted.

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

551                   (c) The member shall furnish proof satisfactory to the  
552 board of trustees of certification of military service showing  
553 dates of entrance into qualified service and the date of discharge  
554 as well as proof that the member has returned to active employment  
555 within the time specified.

556                   (8) Any member of the Public Employees' Retirement System  
557 who has at least four (4) years of membership service credit shall  
558 be entitled to receive a maximum of five (5) years creditable  
559 service for service rendered in another state as a public employee  
560 of such other state, or a political subdivision, public education  
561 system or other governmental instrumentality thereof, or service  
562 rendered as a teacher in American overseas dependent schools  
563 conducted by the Armed Forces of the United States for children of  
564 citizens of the United States residing in areas outside the  
565 continental United States, provided that:

566           (a) The member shall furnish proof satisfactory to the  
567 board of trustees of certification of such services from the  
568 state, public education system, political subdivision or  
569 retirement system of the state where the services were performed  
570 or the governing entity of the American overseas dependent school  
571 where the services were performed; and

572           (b) The member is not receiving or will not be entitled  
573 to receive from the public retirement system of the other state or  
574 from any other retirement plan, including optional retirement  
575 plans, sponsored by the employer, a retirement allowance including  
576 such services; and

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

584           (9) Any member of the Public Employees' Retirement System  
585 who has at least four (4) years of membership service credit and  
586 who receives, or has received, professional leave without  
587 compensation for professional purposes directly related to the  
588 employment in state service shall receive creditable service for  
589 the period of professional leave without compensation provided:

590           (a) The professional leave is performed with a public  
591 institution or public agency of this state, or another state or  
592 federal agency;

593           (b) The employer approves the professional leave  
594 showing the reason for granting the leave and makes a  
595 determination that the professional leave will benefit the  
596 employee and employer;

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

599           (d) The employee shall serve the employer on a  
600 full-time basis for a period of time equivalent to the  
601 professional leave period granted immediately following the  
602 termination of the leave period;

603           (e) The contributing member shall pay to the retirement  
604 system the actuarial cost as determined by the actuary for each  
605 year of professional leave. The provisions of this subsection are  
606 subject to the regulations of the Internal Revenue Code  
607 limitations;

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

611           Any actively contributing member participating in the School  
612 Administrator Sabbatical Program established in Section 37-9-77  
613 shall qualify for continued participation under this subsection  
614 (9).

615           (10) Any member of the Public Employees' Retirement System  
616 who has at least four (4) years of credited membership service  
617 shall be entitled to receive a maximum of ten (10) years  
618 creditable service for:

619           (a) Any service rendered as an employee of any  
620 political subdivision of this state, or any instrumentality  
621 thereof, which does not participate in the Public Employees'  
622 Retirement System; or

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

627           (c) Any service rendered as an employee of any  
628 political subdivision of this state, or any instrumentality  
629 thereof, for which coverage of the employee's position was or is  
630 excluded; provided that the member pays into the retirement system  
631 the actuarial cost as determined by the actuary for each year, or

632 portion thereof, of such service. Payment for such service may be  
633 made in increments of one-quarter-year of creditable service.  
634 After a member has made full payment to the retirement system for  
635 all or any part of such service, the member shall receive  
636 creditable service for the period of such service for which full  
637 payment has been made to the retirement system.

638 **SECTION 4.** Section 25-11-117, Mississippi Code of 1972, is  
639 amended as follows:

640 25-11-117. (1) A member may be paid a refund of the amount  
641 of accumulated contributions to the credit of the member in the  
642 annuity savings account, provided that the member has withdrawn  
643 from state service and has not returned to state service on the  
644 date the refund of the accumulated contributions would be paid.  
645 That refund of the contributions to the credit of the member in  
646 the annuity savings account shall be paid within ninety (90) days  
647 from receipt in the office of the retirement system of the  
648 properly completed form requesting the payment. In the event of  
649 death before retirement of any member whose spouse and/or children  
650 are not entitled to a retirement allowance, the accumulated  
651 contributions to the credit of the deceased member in the annuity  
652 savings account and any Deferred Retirement Option Plan account  
653 shall be paid to the designated beneficiary on file in writing in  
654 the office of the executive director of the board of trustees  
655 within ninety (90) days from receipt of a properly completed form  
656 requesting the payment. If there is no such designated  
657 beneficiary on file for the deceased member in the office of the  
658 system, upon the filing of a proper request with the board, the  
659 contributions to the credit of the deceased member in the annuity  
660 savings account and any Deferred Retirement Option Plan account  
661 shall be refunded pursuant to Section 25-11-117.1(1). The payment  
662 of the refund shall discharge all obligations of the retirement  
663 system to the member on account of any creditable service rendered  
664 by the member prior to the receipt of the refund. By the

665 acceptance of the refund, the member shall waive and relinquish  
666 all accrued rights in the system.

667 (2) Under the Unemployment Compensation Amendments of 1992  
668 (Public Law 102-318 (UCA)), a member or the spouse of a member who  
669 is an eligible beneficiary entitled to a refund under this section  
670 may elect, on a form prescribed by the board under rules and  
671 regulations established by the board, to have an eligible rollover  
672 distribution of accumulated contributions payable under this  
673 section paid directly to an eligible retirement plan, as defined  
674 under applicable federal law, or an individual retirement account.  
675 If the member or the spouse of a member who is an eligible  
676 beneficiary makes that election and specifies the eligible  
677 retirement plan or individual retirement account to which the  
678 distribution is to be paid, the distribution will be made in the  
679 form of a direct trustee-to-trustee transfer to the specified  
680 eligible retirement plan. Flexible rollovers under this  
681 subsection shall not be considered assignments under Section  
682 25-11-129.

683 (3) If any person who has received a refund reenters the  
684 state service and again becomes a member of the system, the member  
685 may repay all or part of the amounts previously received as a  
686 refund, together with regular interest covering the period from  
687 the date of refund to the date of repayment; however, the amounts  
688 that are repaid by the member and the creditable service related  
689 thereto shall not be used in any benefit calculation or  
690 determination until the member has remained a contributor to the  
691 system for a period of at least four (4) years after the member's  
692 reentry into state service. Repayment for that time shall be made  
693 in increments of not less than one-quarter (1/4) year of  
694 creditable service beginning with the most recent service for  
695 which refund has been made. Upon the repayment of all or part of  
696 that refund and interest, the member shall again receive credit

697 for the period of creditable service for which full repayment has  
698 been made to the system.

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

708 (b) If a member who has elected to receive temporary  
709 benefits under this subsection later applies for a refund of his  
710 or her accumulated contributions, all amounts paid under this  
711 subsection shall be deducted from the accumulated contributions  
712 and the balance will be paid to the member. If a member who has  
713 elected to receive temporary benefits under this subsection is  
714 later approved for a disability retirement allowance, and a  
715 service retirement allowance or survivor benefits are paid on the  
716 account, the board shall adjust the benefits in such a manner that  
717 no more than the actuarial equivalent of the benefits to which the  
718 member or beneficiary was or is entitled shall be paid.

719 (c) The board may study, develop and propose a  
720 disability benefit structure, including short and long term  
721 disability benefits, provided that it is the actuarial equivalent  
722 of the benefits currently provided in Section 25-11-113 or  
723 25-11-114.

724 **SECTION 5.** Section 25-11-127, Mississippi Code of 1972, is  
725 amended as follows:

726 25-11-127. (1) (a) No person who is being paid a  
727 retirement allowance or a pension after retirement under this  
728 article shall be employed or paid for any service by the State of  
729 Mississippi, except as provided in this section, unless the person

730 is a participant in the Deferred Retirement Option Program  
731 established under Section 1 of Senate Bill No. 2197, 2007 Regular  
732 Session, in which case Section 1 of Senate Bill No. 2197, 2007  
733 Regular Session, shall also apply.

734 (b) No retiree of this retirement system who is  
735 reemployed or is reelected to office after retirement shall  
736 continue to draw retirement benefits while so reemployed, except  
737 as provided in this section.

738 (c) No person employed or elected under the exceptions  
739 provided for in this section shall become a member under Article 3  
740 of the retirement system.

741 (2) Any person who has been retired under the provisions of  
742 Article 3 and who is later reemployed in service covered by this  
743 article shall cease to receive benefits under this article and  
744 shall again become a contributing member of the retirement system.  
745 When the person retires again, if the reemployment exceeds six (6)  
746 months, the person shall have his or her benefit recomputed,  
747 including service after again becoming a member, provided that the  
748 total retirement allowance paid to the retired member in his or  
749 her previous retirement shall be deducted from the member's  
750 retirement reserve and taken into consideration in recalculating  
751 the retirement allowance under a new option selected.

752 (3) The board shall have the right to prescribe rules and  
753 regulations for carrying out the provisions of this section.

754 (4) The provisions of this section shall not be construed to  
755 prohibit any retiree, regardless of age, from being employed and  
756 drawing a retirement allowance either:

757 (a) For a period of time not to exceed one-half (1/2)  
758 of the normal working days for the position in any fiscal year  
759 during which the retiree will receive no more than one-half (1/2)  
760 of the salary in effect for the position at the time of  
761 employment, or

762 (b) For a period of time in any fiscal year sufficient  
763 in length to permit a retiree to earn not in excess of twenty-five  
764 percent (25%) of retiree's average compensation.

765 To determine the normal working days for a position under  
766 paragraph (a) of this subsection, the employer shall determine the  
767 required number of working days for the position on a full-time  
768 basis and the equivalent number of hours representing the  
769 full-time position. The retiree then may work up to one-half  
770 (1/2) of the required number of working days or up to one-half  
771 (1/2) of the equivalent number of hours and receive up to one-half  
772 (1/2) of the salary for the position. In the case of employment  
773 with multiple employers, the limitation shall equal one-half (1/2)  
774 of the number of days or hours for a single full-time position.

775 Notice shall be given in writing to the executive director,  
776 setting forth the facts upon which the employment is being made,  
777 and the notice shall be given within five (5) days from the date  
778 of employment and also from the date of termination of the  
779 employment.

780 (5) Any member may continue in municipal or county elected  
781 office or be elected to a municipal or county office, provided  
782 that the person:

783 (a) Files annually, in writing, in the office of the  
784 employer and the office of the executive director of the system  
785 before the person takes office or as soon as possible after  
786 retirement, a waiver of all salary or compensation and elects to  
787 receive in lieu of that salary or compensation a retirement  
788 allowance as provided in this section, in which event no salary or  
789 compensation shall thereafter be due or payable for those  
790 services; however, any such officer or employee may receive, in  
791 addition to the retirement allowance, office expense allowance,  
792 mileage or travel expense authorized by any statute of the State  
793 of Mississippi; or



794           (b) Elects to receive compensation for that elective  
795 office in an amount not to exceed twenty-five percent (25%) of the  
796 retiree's average compensation. As used in this paragraph, the  
797 term "compensation" shall not include office expense allowance,  
798 mileage or travel expense authorized by a statute of the State of  
799 Mississippi. In order to receive compensation as allowed in this  
800 paragraph, the member shall file annually, in writing, in the  
801 office of the employer and the office of the executive director of  
802 the system, an election to receive, in addition to a retirement  
803 allowance, compensation as allowed in this paragraph.

804           **SECTION 6.** This act shall take effect and be in force from  
805 and after July 1, 2007.