

By: Senator(s) Doxey

To: Finance

SENATE BILL NO. 2465

1 AN ACT TO AMEND SECTIONS 25-11-111, 25-11-114 AND 25-11-115,
2 MISSISSIPPI CODE OF 1972, TO INCREASE TO 30 YEARS THE YEARS OF
3 SERVICE REQUIRED FOR RETIREMENT REGARDLESS OF AGE UNDER THE PUBLIC
4 EMPLOYEES' RETIREMENT SYSTEM FOR PERSONS WHO BECOME MEMBERS OF THE
5 SYSTEM FROM AND AFTER JULY 1, 2007; AND FOR RELATED PURPOSES.

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

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

9 25-11-111. (a) (1) Any member who shall have become a
10 member of the system prior to July 1, 2007, upon withdrawal from
11 service upon or after attainment of the age of sixty (60) years
12 who shall have completed at least four (4) years of creditable
13 service, or any member upon withdrawal from service regardless of
14 age who shall have completed at least twenty-five (25) years of
15 creditable service, shall be entitled to receive a retirement
16 allowance which shall begin on the first of the month following
17 the date the member's application for the allowance is received by
18 the board, but in no event before withdrawal from service.

19 (2) Any member who shall have become a member of the
20 system on or after July 1, 2007, upon withdrawal from service upon
21 or after attainment of the age of sixty (60) years who shall have
22 completed at least four (4) years of creditable service, or any
23 member upon withdrawal from service regardless of age who shall
24 have completed at least thirty (30) years of creditable service,
25 shall be entitled to receive a retirement allowance which shall
26 begin on the first of the month following the date the member's
27 application for the allowance is received by the board, but in no
28 event before withdrawal from service.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

155 RETIREMENT ALLOWANCE COMPUTATION

156 IMPLEMENTATION TABLE

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

160 NUMBER AND ABOVE 25
 161 ≤25 YEARS YEARS

163	Phase 1	20 years	2.250%
164	Phase 2	15 years	2.250%
165	Phase 3	10 years	2.250%
166	Phase 4	5 years	2.250%
167	Phase 5	0 years	2.250%
168	Phase 6	0 years	2.375%
169	Phase 7	0 years	2.500%

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

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

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

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

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

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

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

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

205 (i) For the purposes of this section, if a member of the
206 system withdrew from state service and received a refund of the
207 amount of the accumulated contributions to the credit of the
208 member in the annuity savings account before July 1, 2007, and the
209 person reenters state service and becomes a member of the system
210 again on or after July 1, 2007, and repays all or part of the
211 amount received as a refund and interest in order to receive
212 creditable service for service rendered before July 1, 2007, the
213 member shall be considered to have become a member of the system
214 on or after July 1, 2007.

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

217 25-11-114. (1) The applicable benefits provided in
218 subsections (2) and (3) of this section shall be paid to eligible
219 beneficiaries of any member who has completed four (4) or more
220 years of creditable service and who dies before retirement and who
221 has not filed a Pre-Retirement Optional Retirement Form as
222 provided in Section 25-11-111.

223 (2) (a) The member's surviving spouse who has been married
224 to the member for not less than one (1) year immediately preceding

225 his death shall receive an annuity computed in accordance with
226 paragraph (d) of this subsection (2) as if the member:

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

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

233 (b) If, at the time of the member's death, there are no
234 dependent children, and the surviving spouse, who otherwise would
235 receive the annuity under this subsection (2), has filed with the
236 system a signed written waiver of his or her rights to the annuity
237 and that waiver was in effect at the time of the member's death, a
238 lump-sum distribution of the deceased member's accumulated
239 contributions shall be refunded in accordance with Section
240 25-11-117.

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

245 (d) The spouse annuity shall be payable for life and
246 shall be the greater of twenty percent (20%) of the deceased
247 member's average compensation as defined in Section 25-11-103 at
248 the time of death or Fifty Dollars (\$50.00) monthly. Surviving
249 spouses of deceased members who previously received spouse
250 retirement benefits under this paragraph (d) from and after July
251 1, 1992, and whose benefits were terminated before July 1, 2004,
252 because of remarriage, may again receive the retirement benefits
253 authorized under this paragraph (d) by making application with the
254 board to reinstate those benefits. Any reinstatement of the
255 benefits shall be prospective only and shall begin after the first
256 of the month following the date of the application for
257 reinstatement, but no earlier than July 1, 2004.

258 (e) However, the spouse may elect by an irrevocable
259 agreement on a form prescribed by the board of trustees to receive
260 a monthly allowance as computed under either paragraph (d) or this
261 paragraph. The irrevocable agreement shall constitute a waiver by
262 the spouse to any current and future monthly allowance under the
263 paragraph not elected, and the waiver shall be a complete and full
264 discharge of all obligations of the retirement system under that
265 paragraph.

266 Any member who has completed four (4) or more years of
267 creditable service and who dies before retirement and leaves a
268 spouse who has been married to the member for not less than one
269 (1) year immediately preceding his death and has not exercised any
270 other option shall be deemed to have exercised Option 2 under
271 Section 25-11-115 for the benefit of his spouse, which spouse
272 shall be paid Option 2 settlement benefits under this article
273 beginning on the first of the month following the date of death,
274 but in case of late filing, retroactive payments will be made for
275 a period of not more than one (1) year. The method of calculating
276 the retirement benefits shall be on the same basis as provided in
277 Section 25-11-111(d). However, if the member dies before being
278 qualified for full unreduced benefits, then the benefits shall be
279 reduced by three percent (3%) per year for the lesser of either
280 the years of service or age required for full unreduced benefits
281 in Section 25-11-111(d).

282 (3) (a) Subject to the maximum limitation provided in this
283 paragraph, the member's dependent children each shall receive an
284 annuity of the greater of ten percent (10%) of the member's
285 average compensation as defined in Section 25-11-103 at the time
286 of the death of the member or Fifty Dollars (\$50.00) monthly;
287 however, if there are more than three (3) dependent children, each
288 dependent child shall receive an equal share of a total annuity
289 equal to thirty percent (30%) of the member's average
290 compensation, provided that the total annuity shall not be less

291 than One Hundred Fifty Dollars (\$150.00) per month for all
292 children.

293 (b) A child shall be considered to be a dependent child
294 until marriage, or the attainment of age nineteen (19), whichever
295 comes first; however, this age limitation shall be extended beyond
296 age nineteen (19), but in no event beyond the attainment of age
297 twenty-three (23), as long as the child is a student regularly
298 pursuing a full-time course of resident study or training in an
299 accredited high school, trade school, technical or vocational
300 institute, junior or community college, college, university or
301 comparable recognized educational institution duly licensed by a
302 state. A student child whose birthday falls during the school
303 year (September 1 through June 30) is considered not to reach age
304 twenty-three (23) until the July 1 following the actual
305 twenty-third birthday. A full-time course of resident study or
306 training means a day or evening noncorrespondence course that
307 includes school attendance at the rate of at least thirty-six (36)
308 weeks per academic year or other applicable period with a subject
309 load sufficient, if successfully completed, to attain the
310 educational or training objective within the period generally
311 accepted as minimum for completion, by a full-time day student, of
312 the academic or training program concerned. Any child who is
313 physically or mentally incompetent, as adjudged by either a
314 Mississippi court of competent jurisdiction or by the board, shall
315 receive benefits for as long as the incompetency exists.

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

320 (d) Annuities payable under this subsection (3) shall
321 begin the first day of the month following the date of the
322 member's death or in case of late filing, retroactive payments
323 will be made for a period of not more than one (1) year. Those

324 benefits may be paid to a surviving parent or the lawful custodian
325 of a dependent child for the use and benefit of the child without
326 the necessity of appointment as guardian.

327 (4) (a) Death benefits in the line of duty. Regardless of
328 the number of years of the member's creditable service, the spouse
329 and/or the dependent children of an active member who is killed in
330 the line of performance of duty or dies as a direct result of an
331 accident occurring in the line of performance of duty shall
332 qualify, on approval of the board, for a retirement allowance on
333 the first of the month following the date of death, but in the
334 case of late filing, retroactive payments will be made for a
335 period of not more than one (1) year. The spouse shall receive a
336 retirement allowance for life equal to one-half (1/2) of the
337 average compensation as defined in Section 25-11-103. In addition
338 to the retirement allowance for the spouse, or if there is no
339 surviving spouse, the member's dependent child shall receive a
340 retirement allowance in the amount of one-fourth (1/4) of the
341 member's average compensation as defined in Section 25-11-103;
342 however, if there are two (2) or more dependent children, each
343 dependent child shall receive an equal share of a total annuity
344 equal to one-half (1/2) of the member's average compensation. If
345 there are more than two (2) dependent children, upon a child's
346 ceasing to be a dependent child, his annuity shall terminate and
347 there shall be a redetermination of the amounts payable to any
348 remaining dependent children. Those benefits shall cease to be
349 paid for the support and maintenance of each child upon the child
350 attaining the age of nineteen (19) years; however, the spouse
351 shall continue to be eligible for the aforesaid retirement
352 allowance. Those benefits may be paid to a surviving parent or
353 lawful custodian of the children for the use and benefit of the
354 children without the necessity of appointment as guardian. Any
355 spouse who received spouse retirement benefits under this
356 paragraph (a) from and after April 4, 1984, and whose benefits

357 were terminated before July 1, 2004, because of remarriage, may
358 again receive the retirement benefits authorized under this
359 paragraph (a) by making application with the board to reinstate
360 those benefits. Any reinstatement of the benefits shall be
361 prospective only and shall begin after the first of the month
362 following the date of the application for reinstatement, but not
363 earlier than July 1, 2004.

364 (b) A child shall be considered to be a dependent child
365 until marriage, or the attainment of age nineteen (19), whichever
366 comes first; however, this age limitation shall be extended beyond
367 age nineteen (19), but in no event beyond the attainment of age
368 twenty-three (23), as long as the child is a student regularly
369 pursuing a full-time course of resident study or training in an
370 accredited high school, trade school, technical or vocational
371 institute, junior or community college, college, university or
372 comparable recognized educational institution duly licensed by a
373 state. A student child whose birthday falls during the school
374 year (September 1 through June 30) is considered not to reach age
375 twenty-three (23) until the July 1 following the actual
376 twenty-third birthday. A full-time course of resident study or
377 training means a day or evening noncorrespondence course that
378 includes school attendance at the rate of at least thirty-six (36)
379 weeks per academic year or other applicable period with a subject
380 load sufficient, if successfully completed, to attain the
381 educational or training objective within the period generally
382 accepted as minimum for completion, by a full-time day student, of
383 the academic or training program concerned. Any child who is
384 physically or mentally incompetent, as adjudged by either a
385 Mississippi court of competent jurisdiction or by the board, shall
386 receive benefits for as long as the incompetency exists.

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

390 accumulated contributions standing to the member's credit in the
391 annuity savings account at the time of the member's death, the
392 difference between the accumulated contributions and the aggregate
393 amount of annuity payments shall be paid to the person that the
394 member has nominated by written designation duly executed and
395 filed with the board. If there is no designated beneficiary
396 surviving at termination of benefits, the difference shall be
397 payable pursuant to Section 25-11-117.1(1).

398 (6) Regardless of the number of years of creditable service
399 upon the application of a member or employer, any active member
400 who becomes disabled as a direct result of an accident or
401 traumatic event resulting in a physical injury occurring in the
402 line of performance of duty, provided that the medical board or
403 other designated governmental agency after a medical examination
404 certifies that the member is mentally or physically incapacitated
405 for the further performance of duty and the incapacity is likely
406 to be permanent, may be retired by the board of trustees on the
407 first of the month following the date of filing the application
408 but in no event shall the retirement allowance begin before the
409 termination of state service. The retirement allowance shall
410 equal the allowance on disability retirement as provided in
411 Section 25-11-113 but shall not be less than fifty percent (50%)
412 of average compensation.

413 Permanent and total disability resulting from a
414 cardiovascular, pulmonary or musculo-skeletal condition that was
415 not a direct result of a traumatic event occurring in the
416 performance of duty shall be deemed an ordinary disability. A
417 mental disability based exclusively on employment duties occurring
418 on an ongoing basis shall be deemed an ordinary disability.

419 (7) If the deceased or disabled member has less than four
420 (4) years of creditable service, the average compensation as
421 defined in Section 25-11-103 shall be the average of all annual

422 earned compensation in state service for the purposes of benefits
423 provided in this section.

424 (8) In case of death or total and permanent disability under
425 subsection (4) or subsection (6) of this section and before the
426 board shall consider any application for a retirement allowance,
427 the employer must certify to the board that the member's death or
428 disability was a direct result of an accident or a traumatic event
429 occurring during and as a result of the performance of the regular
430 and assigned duties of the employee and that the death or
431 disability was not the result of the willful negligence of the
432 employee.

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

446 (10) Notwithstanding any other section of this article and
447 in lieu of any payments to a designated beneficiary for a refund
448 of contributions under Section 25-11-117, the spouse and/or
449 children shall be eligible for the benefits payable under this
450 section, and the spouse may elect, for both the spouse and/or
451 children, to receive benefits in accordance with either
452 subsections (2) and (3) or subsection (4) of this section;
453 otherwise, the contributions to the credit of the deceased member
454 shall be refunded in accordance with Section 25-11-117.

455 (11) If the member has previously received benefits from the
456 system to which he was not entitled and has not repaid in full all
457 amounts payable by him to the system, the annuity amounts
458 otherwise provided by this section shall be withheld and used to
459 effect repayment until the total of the withholdings repays in
460 full all amounts payable by him to the system.

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

463 25-11-115. (1) Upon application for superannuation or
464 disability retirement, any member may elect to receive his benefit
465 in a retirement allowance payable throughout life with no further
466 payments to anyone at his death, except that in the event his
467 total retirement payments under this article do not equal his
468 total contributions under this article, his named beneficiary
469 shall receive the difference in cash at his death. Or he may
470 elect upon retirement, or upon becoming eligible for retirement,
471 to receive the actuarial equivalent subject to the provisions of
472 subsection (3) of this section of his retirement allowance in a
473 reduced retirement allowance payable throughout life with the
474 provision that:

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

480 **Option 2.** Upon his death, his reduced retirement allowance
481 shall be continued throughout the life of, and paid to, such
482 person as he has nominated by written designation duly
483 acknowledged and filed with the board of trustees at the time of
484 his retirement;

485 **Option 3.** Upon his death, one-half (1/2) of his reduced
486 retirement allowance shall be continued throughout the life of,
487 and paid to, such person as he shall have nominated by written

488 designation duly acknowledged and filed with the board of trustees
489 at the time of his retirement, and the other one-half (1/2) of his
490 reduced retirement allowance to some other designated beneficiary;

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

496 **Option 4-B.** A reduced retirement allowance shall be
497 continued throughout the life of the retirant, but with the
498 further guarantee of payments to the named beneficiary,
499 beneficiaries or to the estate for a specified number of years
500 certain. If the retired member or the last designated beneficiary
501 receiving annuity payments dies prior to receiving all guaranteed
502 payments due, the actuarial equivalent of the remaining payments
503 shall be paid pursuant to Section 25-11-117.1(1);

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

513 **Option 6.** (a) Any member who shall have become a member of
514 the system prior to July 1, 2007, and who has at least
515 twenty-eight (28) years of creditable service at the time of
516 retirement or who is at least sixty-three (63) years of age and
517 eligible to retire, may select the maximum retirement benefit or
518 an optional benefit as provided in this subsection together with a
519 partial lump-sum distribution. The amount of the lump-sum
520 distribution under this option shall be equal to the maximum

521 monthly benefit multiplied by twelve (12), twenty-four (24) or
522 thirty-six (36) as selected by the member. The maximum retirement
523 benefit shall be actuarially reduced to reflect the amount of the
524 lump-sum distribution selected and further reduced for any other
525 optional benefit selected. The annuity and lump-sum distribution
526 shall be computed to result in no actuarial loss to the system.
527 The lump-sum distribution shall be made as a single payment
528 payable at the time the first monthly annuity payment is paid to
529 the retiree. The amount of the lump-sum distribution shall be
530 deducted from the member's annuity savings account in computing
531 what contributions remain at the death of the retiree and/or a
532 beneficiary. The lump-sum distribution option may be elected only
533 once by a member upon initial retirement, and may not be elected
534 by a retiree, by members applying for a disability retirement
535 annuity, by survivors or by a member selecting Option 4-C.

536 (b) Any member who shall have become a member of the
537 system on or after July 1, 2007, and who has at least thirty-three
538 (33) years of creditable service at the time of retirement or who
539 is at least sixty-three (63) years of age and eligible to retire,
540 may select the maximum retirement benefit or an optional benefit
541 as provided in this subsection together with a partial lump-sum
542 distribution. The amount of the lump-sum distribution under this
543 option shall be equal to the maximum monthly benefit multiplied by
544 twelve (12), twenty-four (24) or thirty-six (36) as selected by
545 the member. The maximum retirement benefit shall be actuarially
546 reduced to reflect the amount of the lump-sum distribution
547 selected and further reduced for any other optional benefit
548 selected. The annuity and lump-sum distribution shall be computed
549 to result in no actuarial loss to the system. The lump-sum
550 distribution shall be made as a single payment payable at the time
551 the first monthly annuity payment is paid to the retiree. The
552 amount of the lump-sum distribution shall be deducted from the
553 member's annuity savings account in computing what contributions

554 remain at the death of the retiree and/or a beneficiary. The
555 lump-sum distribution option may be elected only once by a member
556 upon initial retirement, and may not be elected by a retiree, by
557 members applying for a disability retirement annuity, by survivors
558 or by a member selecting Option 4-C.

559 (2) No change in the option selected shall be permitted
560 after the member's death or after the member has received his
561 first retirement check except as provided in subsections (3) and
562 (4) of this section and in Section 25-11-127. Members who are
563 pursuing a disability retirement allowance and simultaneously or
564 subsequently elect to begin to receive a service retirement
565 allowance while continuing to pursue a disability retirement
566 allowance, shall not be eligible to select Option 4-C or Option 6
567 and those options may not be selected at a later time if the
568 application for a disability retirement allowance is voided or
569 denied. However, any retired member who is receiving a retirement
570 allowance under Option 2 or Option 4-A upon July 1, 1992, and
571 whose designated beneficiary predeceased him or whose marriage to
572 a spouse who is his designated beneficiary is terminated by
573 divorce or other dissolution, upon written notification to the
574 retirement system of the death of the designated beneficiary or of
575 the termination of his marriage to his designated beneficiary, the
576 retirement allowance payable to the member after receipt of such
577 notification by the retirement system shall be equal to the
578 retirement allowance which would have been payable had the member
579 not elected the option. In addition, any retired member who is
580 receiving the maximum retirement allowance for life, a retirement
581 allowance under Option 1 or who is receiving a retirement
582 allowance under Option 2 or Option 4-A on July 1, 1992, may elect
583 to provide survivor benefits under Option 2 or Option 4-A to a
584 spouse who was not previously the member's beneficiary and whom
585 the member married before July 1, 1992.

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

598 (4) Any retired member who is receiving the maximum
599 retirement allowance for life, or a retirement allowance under
600 Option 1, and who marries after his retirement may elect to cancel
601 his maximum retirement allowance and receive a reduced retirement
602 allowance under Option 2 or Option 4-A to provide continuing
603 lifetime benefits to his spouse. Such election must be made in
604 writing to the office of the executive director of the system on a
605 form prescribed by the board not earlier than the date of the
606 marriage. Any such election shall be effective the first of the
607 month following the date the election is received by the system.

608 (5) In the event the election of an optional benefit is made
609 after the member has attained the age of sixty-five (65) years,
610 the actuarial equivalent factor shall be used to compute the
611 reduced retirement allowance as if the election had been made on
612 his sixty-fifth birthday; however, from and after January 1, 2003,
613 if there is an election of Option 6 after the member has attained
614 the age of sixty-five (65) years, the actuarial equivalent factor
615 based on the retiree's age at the time of retirement shall be used
616 to compute the reduced maximum monthly retirement allowance.
617 However, if a retiree marries or remarries after retirement and
618 elects either Option 2 or Option 4-A as provided in subsection (2)

619 or (4) of this section, the actuarial equivalent factor used to
620 compute the reduced retirement allowance shall be the factor for
621 the age of the retiree and his or her beneficiary at the time such
622 election for recalculation of benefits is made.

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

627 (7) If a retirant and his eligible beneficiary, if any, both
628 die before they have received in annuity payments a total amount
629 equal to the accumulated contributions standing to the retirant's
630 credit in the annuity savings account at the time of his
631 retirement, the difference between the accumulated contributions
632 and the total amount of annuities received by them shall be paid
633 to such persons as the retirant has nominated by written
634 designation duly executed and filed in the office of the executive
635 director. If no designated person survives the retirant and his
636 beneficiary, the difference, if any, shall be paid pursuant to
637 Section 25-11-117.1(1).

638 (8) Any retired member who retired on Option 2(5) or 4-A(5)
639 prior to July 1, 1992, who is still receiving a retirement
640 allowance on July 1, 1994, shall receive an increase in the annual
641 retirement allowance effective July 1, 1994, equal to the amount
642 they would have received under Option 2 or Option 4-A without a
643 reduction for Option 5 based on the ages at retirement of the
644 retiree and beneficiary and option factors in effect on July 1,
645 1992. Such increase shall be prospective only.

646 (9) For the purposes of this section, if a member of the
647 system withdrew from state service and received a refund of the
648 amount of the accumulated contributions to the credit of the
649 member in the annuity savings account before July 1, 2007, and the
650 person reenters state service and becomes a member of the system
651 again on or after July 1, 2007, and repays all or part of the

652 amount received as a refund and interest in order to receive
653 creditable service for service rendered before July 1, 2007, the
654 member shall be considered to have become a member of the system
655 on or after July 1, 2007.

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