

By: Senator(s) Robertson

To: Finance

SENATE BILL NO. 2821

1 AN ACT TO AMEND SECTIONS 25-11-103, 25-11-105, 25-11-109,
2 25-11-111, 25-11-113, 25-11-114, 25-11-115, 25-11-117, 25-11-311
3 AND 25-11-315, MISSISSIPPI CODE OF 1972, TO INCREASE THE NUMBER OF
4 YEARS OF MEMBERSHIP SERVICE REQUIRED TO VEST IN THE PUBLIC
5 EMPLOYEES' RETIREMENT SYSTEM FROM FOUR YEARS TO EIGHT YEARS FOR
6 PERSONS WHO BECOME MEMBERS OF THE SYSTEM ON OR AFTER JULY 1, 2007;
7 TO LIMIT THE SELECTION OF THE PARTIAL LUMP-SUM DISTRIBUTION OPTION
8 TO THOSE WHO HAVE 28 OR MORE YEARS OF CREDITABLE SERVICE AT THE
9 TIME OF RETIREMENT FOR PERSONS WHO BECOME MEMBERS OF THE SYSTEM ON
10 OR AFTER JULY 1, 2007; TO CONFORM THE USE OF THE TERMS "MEMBERSHIP
11 SERVICE" AND "CREDITABLE SERVICE"; TO DELETE OBSOLETE LANGUAGE
12 REGARDING THE PHASE-IN OF THE NEW RETIREMENT FORMULA AND
13 REFERENCES TO OPTION 4-C, WHICH IS NO LONGER AVAILABLE; TO AMEND
14 SECTIONS 25-11-123, 25-11-141, 25-15-3, 25-15-9, 25-15-11,
15 25-15-14 AND 25-15-15, MISSISSIPPI CODE OF 1972, TO REMOVE CERTAIN
16 PROVISIONS REGARDING THE IMPLEMENTATION OF A PLAN OF HEALTH
17 INSURANCE DESIGNED BY THE BOARD OF TRUSTEES OF THE PUBLIC
18 EMPLOYEES RETIREMENT SYSTEM; TO REPEAL SECTIONS 25-11-143 AND
19 25-11-145, MISSISSIPPI CODE OF 1972, WHICH REQUIRE THE BOARD OF
20 TRUSTEES OF THE PUBLIC EMPLOYEES RETIREMENT SYSTEM TO DESIGN A
21 PLAN OF HEALTH INSURANCE FOR ALL CURRENT AND FUTURE RETIREES AND
22 PROVIDE WHEN SUCH PLAN SHALL BE IMPLEMENTED; AND FOR RELATED
23 PURPOSES.

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

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

27 25-11-103. The following words and phrases as used in
28 Articles 1 and 3, unless a different meaning is plainly required
29 by the context, have the following meanings:

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

34 (b) "Actuarial cost" means the amount of funds
35 presently required to provide future benefits as determined by the
36 board based on applicable tables and formulas provided by the
37 actuary.

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

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

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

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

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

96 (g) "Beneficiary" means any person entitled to receive
97 a retirement allowance, an annuity or other benefit as provided by
98 Articles 1 and 3. The term "beneficiary" may also include an
99 organization, estate, trust or entity; however, a beneficiary
100 designated or entitled to receive monthly payments under an
101 optional settlement based on life contingency or under a statutory
102 monthly benefit may only be a natural person. In the event of the
103 death before retirement of any member who became a member of the

104 system before July 1, 2007, and whose spouse and/or children are
105 not entitled to a retirement allowance on the basis that the
106 member has less than four (4) years of service credit, or who
107 became a member of the system on or after July 1, 2007, and whose
108 spouse and/or children are not entitled to a retirement allowance
109 on the basis that the member has less than eight (8) years of
110 service credit, and/or has not been married for a minimum of one
111 (1) year or the spouse has waived his or her entitlement to a
112 retirement allowance under Section 25-11-114, the lawful spouse of
113 a member at the time of the death of the member shall be the
114 beneficiary of the member unless the member has designated another
115 beneficiary after the date of marriage in writing, and filed that
116 writing in the office of the executive director of the board of
117 trustees. No designation or change of beneficiary shall be made
118 in any other manner.

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

122 (i) "Creditable service" means "prior service,"
123 "retroactive service" and all lawfully credited unused leave not
124 exceeding the accrual rates and limitations provided in Section
125 25-3-91 et seq., as of the date of withdrawal from service plus
126 "membership service" and other service for which credit is
127 allowable as provided in Section 25-11-109. Except to limit
128 creditable service reported to the system for the purpose of
129 computing an employee's retirement allowance or annuity or
130 benefits provided in this article, nothing in this paragraph shall
131 limit or otherwise restrict the power of the governing authority
132 of a municipality or other political subdivision of the state to
133 adopt such vacation and sick leave policies as it deems necessary.

134 (j) "Child" means either a natural child of the member,
135 a child that has been made a child of the member by applicable
136 court action before the death of the member, or a child under the

137 permanent care of the member at the time of the latter's death,
138 which permanent care status shall be determined by evidence
139 satisfactory to the board.

140 (k) "Earned compensation" means the full amount earned
141 by an employee for a given pay period including any maintenance
142 furnished up to a maximum of One Hundred Fifty Thousand Dollars
143 (\$150,000.00) per year, and proportionately for less than one (1)
144 year of service. The value of that maintenance when not paid in
145 money shall be fixed by the employing state agency, and, in case
146 of doubt, by the board of trustees as defined in Section 25-11-15.
147 Earned compensation shall not include any nontaxable amounts paid
148 by the employer for health or life insurance premiums for an
149 employee. In any case, earned compensation shall be limited to
150 the regular periodic compensation paid, exclusive of litigation
151 fees, bond fees, and other similar extraordinary nonrecurring
152 payments. In addition, any member in a covered position, as
153 defined by Public Employees' Retirement System laws and
154 regulations, who is also employed by another covered agency or
155 political subdivision shall have the earnings of that additional
156 employment reported to the Public Employees' Retirement System
157 regardless of whether the additional employment is sufficient in
158 itself to be a covered position. In addition, computation of
159 earned compensation shall be governed by the following:

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

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

168 (iii) In the case of members of the State
169 Legislature, all remuneration or amounts paid, except mileage
170 allowance, shall apply.

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

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

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

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

190 (l) "Employee" means any person legally occupying a
191 position in the state service, and shall include the employees of
192 the retirement system created under this article.

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

196 (n) "Executive director" means the secretary to the
197 board of trustees, as provided in Section 25-11-15(9), and the
198 administrator of the Public Employees' Retirement System and all
199 systems under the management of the board of trustees. Wherever
200 the term "Executive Secretary of the Public Employees' Retirement

201 System" or "executive secretary" appears in this article or in any
202 other provision of law, it shall be construed to mean the
203 Executive Director of the Public Employees' Retirement System.

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

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

211 (q) "Member" means any person included in the
212 membership of the system as provided in Section 25-11-105. For
213 purposes of Sections 25-11-103, 25-11-105, 25-11-109, 25-11-111,
214 25-11-113, 25-11-114, 25-11-115 and 25-11-117, if a member of the
215 system withdrew from state service and received a refund of the
216 amount of the accumulated contributions to the credit of the
217 member in the annuity savings account before July 1, 2007, and the
218 person reenters state service and becomes a member of the system
219 again on or after July 1, 2007, and repays all or part of the
220 amount received as a refund and interest in order to receive
221 creditable service for service rendered before July 1, 2007, the
222 member shall be considered to have become a member of the system
223 on or after July 1, 2007, subject to the eight (8) year membership
224 service requirement, as applicable in those sections.

225 (r) "Membership service" means service as an employee
226 in a covered position rendered while a contributing member of the
227 retirement system.

228 (s) "Position" means any office or any employment in
229 the state service, or two (2) or more of them, the duties of which
230 call for services to be rendered by one (1) person, including
231 positions jointly employed by federal and state agencies
232 administering federal and state funds. The employer shall
233 determine upon initial employment and during the course of

234 employment of an employee who does not meet the criteria for
235 coverage in the Public Employees' Retirement System based on the
236 position held, whether the employee is or becomes eligible for
237 coverage in the Public Employees' Retirement System based upon any
238 other employment in a covered agency or political subdivision. If
239 or when the employee meets the eligibility criteria for coverage
240 in the other position, then the employer must withhold
241 contributions and report wages from the noncovered position in
242 accordance with the provisions for reporting of earned
243 compensation. Failure to deduct and report those contributions
244 shall not relieve the employee or employer of liability thereof.
245 The board shall adopt such rules and regulations as necessary to
246 implement and enforce this provision.

247 (t) "Prior service" means:

248 (i) For persons who became members of the system
249 before July 1, 2007, service rendered before February 1, 1953, for
250 which credit is allowable under Sections 25-11-105 and 25-11-109,
251 and which shall allow prior service for any person who is now or
252 becomes a member of the Public Employees' Retirement System and
253 who does contribute to the system for a minimum period of four (4)
254 years.

255 (ii) For persons who became members of the system
256 on or after July 1, 2007, service rendered before February 1,
257 1953, for which credit is allowable under Sections 25-11-105 and
258 25-11-109, and which shall allow prior service for any person who
259 is now or becomes a member of the Public Employees' Retirement
260 System and who does contribute to the system for a minimum period
261 of eight (8) years.

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

265 (v) "Retirement allowance" means an annuity for life as
266 provided in this article, payable each year in twelve (12) equal

267 monthly installments beginning as of the date fixed by the board.
268 The retirement allowance shall be calculated in accordance with
269 Section 25-11-111. However, any spouse who received a spouse
270 retirement benefit in accordance with Section 25-11-111(d) before
271 March 31, 1971, and those benefits were terminated because of
272 eligibility for a social security benefit, may again receive his
273 spouse retirement benefit from and after making application with
274 the board of trustees to reinstate the spouse retirement benefit.

275 (w) "Retroactive service" means service rendered after
276 February 1, 1953, for which credit is allowable under Section
277 25-11-105(b) and Section 25-11-105(k).

278 (x) "System" means the Public Employees' Retirement
279 System of Mississippi established and described in Section
280 25-11-101.

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

283 (z) "State service" means all offices and positions of
284 trust or employment in the employ of the state, or any political
285 subdivision or instrumentality of the state, that elect to
286 participate as provided by Section 25-11-105(f), including the
287 position of elected or fee officials of the counties and their
288 deputies and employees performing public services or any
289 department, independent agency, board or commission thereof, and
290 also includes all offices and positions of trust or employment in
291 the employ of joint state and federal agencies administering state
292 and federal funds and service rendered by employees of the public
293 schools. Effective July 1, 1973, all nonprofessional public
294 school employees, such as bus drivers, janitors, maids,
295 maintenance workers and cafeteria employees, shall have the option
296 to become members in accordance with Section 25-11-105(b), and
297 shall be eligible to receive credit for services before July 1,
298 1973, provided that the contributions and interest are paid by the
299 employee in accordance with that section; in addition, the county

300 or municipal separate school district may pay the employer
301 contribution and pro rata share of interest of the retroactive
302 service from available funds. From and after July 1, 1998,
303 retroactive service credit shall be purchased at the actuarial
304 cost in accordance with Section 25-11-105(b).

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

308 (bb) The masculine pronoun, wherever used, includes the
309 feminine pronoun.

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

312 25-11-105. **I. THOSE WHO ARE ELIGIBLE FOR MEMBERSHIP**

313 The membership of this retirement system shall be composed as
314 follows:

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

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

331 (b) All persons who become employees in the state
332 service after January 31, 1953, except those specifically excluded

333 or as to whom election is provided in Articles 1 and 3, unless
334 they file with the board before the lapse of sixty (60) days of
335 employment or sixty (60) days after the effective date of the
336 cited articles, whichever is later, on a form prescribed by the
337 board, a notice of election not to be covered by the membership of
338 the retirement system and a duly executed waiver of all present
339 and prospective benefits that would otherwise inure to them on
340 account of their participation in the system, shall become members
341 of the retirement system; however, no credit for prior service
342 will be granted to members who became members of the system before
343 July 1, 2007, until they have contributed to Article 3 of the
344 retirement system for a minimum period of at least four (4) years,
345 or to members who became members of the system on or after July 1,
346 2007, until they have contributed to Article 3 of the retirement
347 system for a minimum period of at least eight (8) years. Those
348 members shall receive credit for services performed before January
349 1, 1953, in employment now covered by Article 3, but no credit
350 shall be granted for retroactive services between January 1, 1953,
351 and the date of their entry into the retirement system, unless the
352 employee pays into the retirement system both the employer's and
353 the employee's contributions on wages paid him during the period
354 from January 31, 1953, to the date of his becoming a contributing
355 member, together with interest at the rate determined by the board
356 of trustees. Members reentering after withdrawal from service
357 shall qualify for prior service under the provisions of Section
358 25-11-117. From and after July 1, 1998, upon eligibility as noted
359 above, the member may receive credit for such retroactive service
360 provided:

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

364 (ii) The member shall pay to the retirement system
365 on the date he or she is eligible for that credit or at any time

366 thereafter before the date of retirement the actuarial cost for
367 each year of that creditable service. The provisions of this
368 subparagraph (ii) shall be subject to the limitations of Section
369 415 of the Internal Revenue Code and regulations promulgated under
370 Section 415.

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

375 (c) All persons who become employees in the state
376 service after January 31, 1953, and who are eligible for
377 membership in any other retirement system shall become members of
378 this retirement system as a condition of their employment, unless
379 they elect at the time of their employment to become a member of
380 that other system.

381 (d) All persons who are employees in the state service
382 on January 31, 1953, and who are members of any nonfunded
383 retirement system operated by the State of Mississippi, or any of
384 its departments or agencies, shall become members of this system
385 with prior service credit unless, before February 1, 1953, they
386 file a written notice with the board of trustees that they do not
387 elect to become members.

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

398 (f) Each political subdivision of the state and each
399 instrumentality of the state or a political subdivision, or both,
400 is authorized to submit, for approval by the board of trustees, a
401 plan for extending the benefits of this article to employees of
402 any such political subdivision or instrumentality. Each such plan
403 or any amendment to the plan for extending benefits thereof shall
404 be approved by the board of trustees if it finds that the plan, or
405 the plan as amended, is in conformity with such requirements as
406 are provided in Articles 1 and 3; however, upon approval of the
407 plan or any such plan previously approved by the board of
408 trustees, the approved plan shall not be subject to cancellation
409 or termination by the political subdivision or instrumentality,
410 except that any community hospital serving a municipality that
411 joined the Public Employees' Retirement System as of November 1,
412 1956, to offer social security coverage for its employees and
413 later extended retirement annuity coverage to its employees as of
414 December 1, 1965, may, upon documentation of extreme financial
415 hardship, have future retirement annuity coverage cancelled or
416 terminated at the discretion of the board of trustees. No such
417 plan shall be approved unless:

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

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

430 (iii) It provides for such methods of
431 administration of the plan by the political subdivision or
432 instrumentality as are found by the board of trustees to be
433 necessary for the proper and efficient administration thereof;

434 (iv) It provides that the political subdivision or
435 instrumentality will make such reports, in such form and
436 containing such information, as the board of trustees may from
437 time to time require;

438 (v) It authorizes the board of trustees to
439 terminate the plan in its entirety in the discretion of the board
440 if it finds that there has been a failure to comply substantially
441 with any provision contained in the plan, the termination to take
442 effect at the expiration of such notice and on such conditions as
443 may be provided by regulations of the board and as may be
444 consistent with applicable federal law.

445 1. The board of trustees shall not finally
446 refuse to approve a plan submitted under paragraph (f), and shall
447 not terminate an approved plan without reasonable notice and
448 opportunity for hearing to each political subdivision or
449 instrumentality affected by the board's decision. The board's
450 decision in any such case shall be final, conclusive and binding
451 unless an appeal is taken by the political subdivision or
452 instrumentality aggrieved by the decision to the Circuit Court of
453 Hinds County, Mississippi, in accordance with the provisions of
454 law with respect to civil causes by certiorari.

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

462 3. Every political subdivision or
463 instrumentality required to make payments under paragraph (f)(v)2
464 of this section is authorized, in consideration of the employees'
465 retention in or entry upon employment after enactment of Articles
466 1 and 3, to impose upon its employees, as to services that are
467 covered by an approved plan, a contribution with respect to wages
468 (as defined in Section 25-11-5) not exceeding the amount provided
469 in Section 25-11-123(d) if those services constituted employment
470 within the meaning of Articles 1 and 3, and to deduct the amount
471 of the contribution from the wages as and when paid.

472 Contributions so collected shall be paid into the contribution
473 fund as partial discharge of the liability of the political
474 subdivisions or instrumentalities under paragraph (f)(v)2 of this
475 section. Failure to deduct the contribution shall not relieve the
476 employee or employer of liability for the contribution.

477 4. Any state agency, school, political
478 subdivision, instrumentality or any employer that is required to
479 submit contribution payments or wage reports under any section of
480 this chapter shall be assessed interest on delinquent payments or
481 wage reports as determined by the board of trustees in accordance
482 with rules and regulations adopted by the board and delinquent
483 payments, assessed interest and any other amount certified by the
484 board as owed by an employer, may be recovered by action in a
485 court of competent jurisdiction against the reporting agency
486 liable therefor or may, upon due certification of delinquency and
487 at the request of the board of trustees, be deducted from any
488 other monies payable to the reporting agency by any department or
489 agency of the state.

490 5. Each political subdivision of the state
491 and each instrumentality of the state or a political subdivision
492 or subdivisions that submit a plan for approval of the board, as
493 provided in this section, shall reimburse the board for coverage
494 into the expense account, its pro rata share of the total expense

495 of administering Articles 1 and 3 as provided by regulations of
496 the board.

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

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

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

518 If any member of any other actuarially funded system
519 maintained by an agency of the state changes his employment to an
520 agency covered by this system, the board of trustees may authorize
521 the receipt of the transfer of the member's creditable service and
522 of the present value of the member's employer's accumulation
523 account and of the present value of the member's accumulated
524 membership contributions from the other system, provided that the
525 employee agrees to the transfer of his accumulated membership
526 contributions to this system and provided that the other system is
527 authorized and agrees to make the transfer.

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

531 (k) Employees of a political subdivision or
532 instrumentality who were employed by the political subdivision or
533 instrumentality before an agreement between the entity and the
534 Public Employees' Retirement System to extend the benefits of this
535 article to its employees, and which agreement provides for the
536 establishment of retroactive service credit, and who became
537 members of the retirement system before July 1, 2007, and have
538 remained contributors to the retirement system for four (4) years,
539 or who became members of the retirement system on or after July 1,
540 2007, and have remained contributors to the retirement system for
541 eight (8) years, may receive credit for that retroactive service
542 with the political subdivision or instrumentality, provided that
543 the employee and/or employer, as provided under the terms of the
544 modification of the joinder agreement in allowing that coverage,
545 pay into the retirement system the employer's and employee's
546 contributions on wages paid the member during the previous
547 employment, together with interest or actuarial cost as determined
548 by the board covering the period from the date the service was
549 rendered until the payment for the credit for the service was
550 made. Those wages shall be verified by the Social Security
551 Administration or employer payroll records. Effective July 1,
552 1998, upon eligibility as noted above, a member may receive credit
553 for that retroactive service with the political subdivision or
554 instrumentality provided:

555 (i) The member shall furnish proof satisfactory to
556 the board of trustees of certification of those services from the
557 political subdivision or instrumentality where the services were
558 rendered or verification by the Social Security Administration;
559 and

560 (ii) The member shall pay to the retirement system
561 on the date he or she is eligible for that credit or at any time
562 thereafter before the date of retirement the actuarial cost for
563 each year of that creditable service. The provisions of this
564 subparagraph (ii) shall be subject to the limitations of Section
565 415 of the Internal Revenue Code and regulations promulgated under
566 Section 415.

567 Nothing contained in this paragraph (k) shall be construed to
568 limit the authority of the board to allow the correction of
569 reporting errors or omissions based on the payment of employee and
570 employer contributions plus applicable interest. Payment for that
571 time shall be made in increments of not less than one-quarter
572 (1/4) year of creditable service beginning with the most recent
573 service. Upon the payment of all or part of the required
574 contributions, plus interest or the actuarial cost as provided
575 above, the member shall receive credit for the period of
576 creditable service for which full payment has been made to the
577 retirement system.

578 (1) Through June 30, 1998, any state service eligible
579 for retroactive service credit, no part of which has ever been
580 reported, and requiring the payment of employee and employer
581 contributions plus interest, or, from and after July 1, 1998, any
582 state service eligible for retroactive service credit, no part of
583 which has ever been reported to the retirement system, and
584 requiring the payment of the actuarial cost for that creditable
585 service, may, at the member's option, be purchased in quarterly
586 increments as provided above at the time that its purchase is
587 otherwise allowed.

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

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

625 1953. For any member who joined the system after July 1, 1953,
626 and before July 1, 2007, any creditable service for which the
627 member is not required to make contributions shall not be credited
628 to the member until the member has contributed to the system for a
629 minimum period of at least four (4) years. For any member who
630 joined the system on or after July 1, 2007, any creditable service
631 for which the member is not required to make contributions shall
632 not be credited to the member until the member has contributed to
633 the system for a minimum period of at least eight (8) years.

634 (2) In the computation of creditable service under the
635 provisions of this article, the total months of accumulative
636 service during any fiscal year shall be calculated in accordance
637 with the schedule as follows: ten (10) or more months of
638 creditable service during any fiscal year shall constitute a year
639 of creditable service; seven (7) months to nine (9) months
640 inclusive, three-quarters (3/4) of a year of creditable service;
641 four (4) months to six (6) months inclusive, one-half-year of
642 creditable service; one (1) month to three (3) months inclusive,
643 one-quarter (1/4) of a year of creditable service. In no case
644 shall credit be allowed for any period of absence without
645 compensation except for disability while in receipt of a
646 disability retirement allowance, nor shall less than fifteen (15)
647 days of service in any month, or service less than the equivalent
648 of one-half (1/2) of the normal working load for the position and
649 less than one-half (1/2) of the normal compensation for the
650 position in any month, constitute a month of creditable service,
651 nor shall more than one (1) year of service be creditable for all
652 services rendered in any one (1) fiscal year; however, for a
653 school employee, substantial completion of the legal school term
654 when and where the service was rendered shall constitute a year of
655 service credit * * *. Any state or local elected official shall
656 be deemed a full-time employee for the purpose of creditable
657 service * * *. However, an appointed or elected official

658 compensated on a per diem basis only shall not be allowed
659 creditable service for terms of office.

660 In the computation of any retirement allowance or any annuity
661 or benefits provided in this article, any fractional period of
662 service of less than one (1) year shall be taken into account and
663 a proportionate amount of such retirement allowance, annuity or
664 benefit shall be granted for any such fractional period of
665 service.

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

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

680 (a) For service before July 1, 1984, the members shall
681 receive credit for leave (combined personal and major medical) for
682 service as an elected official before that date at the rate of
683 thirty (30) days per year.

684 (b) For service on and after July 1, 1984, the member
685 shall receive credit for personal and major medical leave
686 beginning July 1, 1984, at the rates authorized in Sections
687 25-3-93 and 25-3-95, computed as a full-time employee.

688 (3) Subject to the above restrictions and to such other
689 rules and regulations as the board may adopt, the board shall

690 verify, as soon as practicable after the filing of such statements
691 of service, the services therein claimed.

692 (4) Upon verification of the statement of prior service, the
693 board shall issue a prior service certificate certifying to each
694 member the length of prior service for which credit shall have
695 been allowed on the basis of his statement of service. So long as
696 membership continues, a prior service certificate shall be final
697 and conclusive for retirement purposes as to such service,
698 provided that any member may within five (5) years from the date
699 of issuance or modification of such certificate request the board
700 of trustees to modify or correct his prior service certificate.
701 Any modification or correction authorized shall only apply
702 prospectively.

703 When membership ceases, such prior service certificates shall
704 become void. Should the employee again become a member, he shall
705 enter the system as an employee not entitled to prior service
706 credit except as provided in Sections 25-11-105(I), 25-11-113 and
707 25-11-117.

708 (5) Creditable service at retirement, on which the
709 retirement allowance of a member shall be based, shall consist of
710 the membership service rendered by him since he last became a
711 member, and also, if he has a prior service certificate that is in
712 full force and effect, the amount of the service certified on his
713 prior service certificate.

714 (6) Any member who served on active duty in the Armed Forces
715 of the United States, who served in the Commissioned Corps of the
716 United States Public Health Service before 1972 or who served in
717 maritime service during periods of hostility in World War II,
718 shall be entitled to creditable service at no cost for his service
719 on active duty in the Armed Forces, in the Commissioned Corps of
720 the United States Public Health Service before 1972 or in such
721 maritime service, provided he entered state service after his
722 discharge from the Armed Forces or entered state service after he

723 completed such maritime service. The maximum period for such
724 creditable service for all military service as defined in this
725 subsection (6) shall not exceed four (4) years unless positive
726 proof can be furnished by such person that he was retained in the
727 Armed Forces during World War II or in maritime service during
728 World War II by causes beyond his control and without opportunity
729 of discharge. The member shall furnish proof satisfactory to the
730 board of trustees of certification of military service or maritime
731 service records showing dates of entrance into active duty service
732 and the date of discharge. From and after July 1, 1993, no
733 creditable service shall be granted for any military service or
734 maritime service to a member who qualifies for a retirement
735 allowance in another public retirement system administered by the
736 Board of Trustees of the Public Employees' Retirement System based
737 in whole or in part on such military or maritime service. In no
738 case shall the member receive creditable service if the member
739 received a dishonorable discharge from the Armed Forces of the
740 United States.

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

750 (i) The member pays the contributions he would
751 have made to the retirement system if he had remained in
752 membership service for the period of qualified military service
753 based upon his salary at the time his membership service was
754 interrupted;

755 (ii) The member returns to membership service
756 within ninety (90) days of the end of his qualified military
757 service; and

758 (iii) The employer at the time the member's
759 service was interrupted and to which employment the member returns
760 pays the contributions it would have made into the retirement
761 system for such period based on the member's salary at the time
762 the service was interrupted.

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

768 (c) The member shall furnish proof satisfactory to the
769 board of trustees of certification of military service showing
770 dates of entrance into qualified service and the date of discharge
771 as well as proof that the member has returned to active employment
772 within the time specified.

773 (8) Any member of the Public Employees' Retirement System
774 who became a member of the system before July 1, 2007, and who has
775 at least four (4) years of membership service credit, or who
776 became a member of the system on or after July 1, 2007, and who
777 has at least eight (8) years of membership service credit, shall
778 be entitled to receive a maximum of five (5) years creditable
779 service for service rendered in another state as a public employee
780 of such other state, or a political subdivision, public education
781 system or other governmental instrumentality thereof, or service
782 rendered as a teacher in American overseas dependent schools
783 conducted by the Armed Forces of the United States for children of
784 citizens of the United States residing in areas outside the
785 continental United States, provided that:

786 (a) The member shall furnish proof satisfactory to the
787 board of trustees of certification of such services from the

788 state, public education system, political subdivision or
789 retirement system of the state where the services were performed
790 or the governing entity of the American overseas dependent school
791 where the services were performed; and

792 (b) The member is not receiving or will not be entitled
793 to receive from the public retirement system of the other state or
794 from any other retirement plan, including optional retirement
795 plans, sponsored by the employer, a retirement allowance including
796 such services; and

797 (c) The member shall pay to the retirement system on
798 the date he or she is eligible for credit for such out-of-state
799 service or at any time thereafter before the date of retirement
800 the actuarial cost as determined by the actuary for each year of
801 out-of-state creditable service. The provisions of this
802 subsection are subject to the limitations of Section 415 of the
803 Internal Revenue Code and regulations promulgated under that
804 section.

805 (9) Any member of the Public Employees' Retirement System
806 who became a member of the system before July 1, 2007, and has at
807 least four (4) years of membership service credit, or who became a
808 member of the system on or after July 1, 2007, and has at least
809 eight (8) years of membership service credit, and who receives, or
810 has received, professional leave without compensation for
811 professional purposes directly related to the employment in state
812 service shall receive creditable service for the period of
813 professional leave without compensation provided:

814 (a) The professional leave is performed with a public
815 institution or public agency of this state, or another state or
816 federal agency;

817 (b) The employer approves the professional leave
818 showing the reason for granting the leave and makes a
819 determination that the professional leave will benefit the
820 employee and employer;

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

823 (d) The employee shall serve the employer on a
824 full-time basis for a period of time equivalent to the
825 professional leave period granted immediately following the
826 termination of the leave period;

827 (e) The contributing member shall pay to the retirement
828 system the actuarial cost as determined by the actuary for each
829 year of professional leave. The provisions of this subsection are
830 subject to the regulations of the Internal Revenue Code
831 limitations;

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

835 Any actively contributing member participating in the School
836 Administrator Sabbatical Program established in Section 37-9-77
837 shall qualify for continued participation under this subsection
838 (9).

839 (10) Any member of the Public Employees' Retirement System
840 who became a member of the system before July 1, 2007, and has at
841 least four (4) years of credited membership service, or who became
842 a member of the system on or after July 1, 2007, and has at least
843 eight (8) years of credited membership service, shall be entitled
844 to receive a maximum of ten (10) years creditable service for:

845 (a) Any service rendered as an employee of any
846 political subdivision of this state, or any instrumentality
847 thereof, that does not participate in the Public Employees'
848 Retirement System; or

849 (b) Any service rendered as an employee of any
850 political subdivision of this state, or any instrumentality
851 thereof, that participates in the Public Employees' Retirement
852 System but did not elect retroactive coverage; or

853 (c) Any service rendered as an employee of any
854 political subdivision of this state, or any instrumentality
855 thereof, for which coverage of the employee's position was or is
856 excluded; provided that the member pays into the retirement system
857 the actuarial cost as determined by the actuary for each year, or
858 portion thereof, of such service. Payment for such service may be
859 made in increments of one-quarter-year of creditable service.
860 After a member has made full payment to the retirement system for
861 all or any part of such service, the member shall receive
862 creditable service for the period of such service for which full
863 payment has been made to the retirement system.

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

866 25-11-111. (a) (1) Any member who became a member of the
867 system before July 1, 2007, upon withdrawal from service upon or
868 after attainment of the age of sixty (60) years who has completed
869 at least four (4) years of membership service, or any member upon
870 withdrawal from service regardless of age who has completed at
871 least twenty-five (25) years of creditable service, shall be
872 entitled to receive a retirement allowance, which shall begin on
873 the first of the month following the date the member's application
874 for the allowance is received by the board, but in no event before
875 withdrawal from service.

876 (2) Any member who became a member of the system on or
877 after July 1, 2007, upon withdrawal from service upon or after
878 attainment of the age of sixty (60) years who has completed at
879 least eight (8) years of membership service, or any member who
880 became a member of the system on or after July 1, 2007, upon
881 withdrawal from service regardless of age who has completed at
882 least twenty-five (25) years of creditable service, shall be
883 entitled to receive a retirement allowance, which shall begin on
884 the first of the month following the date the member's application

885 for the allowance is received by the board, but in no event before
886 withdrawal from service.

887 (b) (1) Any member who became a member of the system before
888 July 1, 2007, whose withdrawal from service occurs before
889 attaining the age of sixty (60) years who has completed four (4)
890 or more years of membership service and has not * * * received a
891 refund of his accumulated contributions, shall be entitled to
892 receive a retirement allowance, beginning upon his attaining the
893 age of sixty (60) years, of the amount earned and accrued at the
894 date of withdrawal from service.

895 (2) Any member who became a member of the system on or
896 after July 1, 2007, whose withdrawal from service occurs before
897 attaining the age of sixty (60) years who has completed eight (8)
898 or more years of membership service and has not received a refund
899 of his accumulated contributions, shall be entitled to receive a
900 retirement allowance, beginning upon his attaining the age of
901 sixty (60) years, of the amount earned and accrued at the date of
902 withdrawal from service.

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

914 (d) The annual amount of the retirement allowance shall
915 consist of:

916 (1) A member's annuity, which shall be the actuarial
917 equivalent of the accumulated contributions of the member at the

918 time of retirement computed according to the actuarial table in
919 use by the system; and

920 (2) An employer's annuity, which, together with the
921 member's annuity provided above, shall be equal to two percent
922 (2%) of the average compensation for each year of * * * service up
923 to and including twenty-five (25) years of creditable service, and
924 two and one-half percent (2-1/2%) of the average compensation for
925 each year of * * * service exceeding twenty-five (25) years of
926 creditable service. * * *

927 * * *

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

947 * * *

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

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

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

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

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

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

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

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

977 25-11-113. (1) (a) Upon the application of a member or his
978 employer, any active member in state service who became a member
979 of the system before July 1, 2007, and who has at least four (4)
980 years of membership service credit, or any active member in state
981 service who became a member of the system on or after July 1,
982 2007, who has at least eight (8) years of membership service

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

1010 (b) Any inactive member who became a member of the
1011 system before July 1, 2007, with four (4) or more years of
1012 membership service credit, or any inactive member who became a
1013 member of the system on or after July 1, 2007, with eight (8) or
1014 more years of membership service credit, who has withdrawn from
1015 active state service, is not eligible for a disability retirement

1016 allowance unless the disability occurs within six (6) months of
1017 the termination of active service and unless satisfactory proof is
1018 presented to the board of trustees that the disability was the
1019 direct cause of withdrawal from state service.

1020 (c) Any member who is or becomes eligible for service
1021 retirement benefits under Section 25-11-111 while pursuing a
1022 disability retirement allowance under this section or Section
1023 25-11-114 may elect to receive a service retirement allowance
1024 pending a final determination on eligibility for a disability
1025 retirement allowance or withdrawal of the application for the
1026 disability retirement allowance. In such a case, an application
1027 for a disability retirement allowance must be on file with the
1028 system before the beginning of a service retirement allowance. If
1029 the application is approved, the option selected and beneficiary
1030 designated on the retirement application shall be used to
1031 determine the disability retirement allowance. If the application
1032 is not approved or if the application is withdrawn, the service
1033 retirement allowance shall continue to be paid in accordance with
1034 the option selected. No person may apply for a disability
1035 retirement allowance after the person begins to receive a service
1036 retirement allowance.

1037 (d) If the medical board certifies that the member is
1038 not mentally or physically incapacitated for the future
1039 performance of duty, the member may request, within sixty (60)
1040 days, a hearing before the hearing officer as provided in Section
1041 25-11-120. All hearings shall be held in accordance with rules
1042 and regulations adopted by the board to govern those hearings.
1043 The hearing may be closed upon the request of the member.

1044 (e) The medical board may request additional medical
1045 evidence and/or other physicians to conduct an evaluation of the
1046 member's condition. If the medical board requests additional
1047 medical evidence and the member refuses the request, the
1048 application shall be considered void.

1049 (2) Allowance on disability retirement.

1050 (a) Upon retirement for disability, an eligible member
1051 shall receive a retirement allowance if he has attained the age of
1052 sixty (60) years.

1053 (b) Except as provided in paragraph (c) of this
1054 subsection (2), an eligible member who is retired for disability
1055 and who has not attained sixty (60) years of age shall receive a
1056 disability benefit as computed in Section 25-11-111(d)(1) through
1057 (d)(4), which shall consist of:

1058 (i) A member's annuity, which shall be the
1059 actuarial equivalent of his accumulated contributions at the time
1060 of retirement; and

1061 (ii) An employer's annuity equal to the amount
1062 that would have been payable as a retirement allowance for
1063 eligible creditable service if the member had continued in service
1064 to the age of sixty (60) years, which shall apply to the allowance
1065 for disability retirement paid to retirees receiving such
1066 allowance upon and after April 12, 1977. This employer's annuity
1067 shall be computed on the basis of the average "earned
1068 compensation" as defined in Section 25-11-103.

1069 (c) For persons who become members after June 30, 1992,
1070 and for active members on June 30, 1992, who elect benefits under
1071 this paragraph (c) instead of those provided under paragraph (b)
1072 of this subsection (2), the disability allowance shall consist of
1073 two (2) parts: a temporary allowance and a deferred allowance.

1074 The temporary allowance shall equal the greater of (i) forty
1075 percent (40%) of average compensation at the time of disability,
1076 plus ten percent (10%) of average compensation for each of the
1077 first two (2) dependent children, as defined in Sections 25-11-103
1078 and 25-11-114, or (ii) the accrued benefit based on actual
1079 service. It shall be payable for a period of time based on the
1080 member's age at disability, as follows:

1081 Age at Disability Duration

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

1092 The deferred allowance shall begin when the temporary
1093 allowance ends and shall be payable for life. The deferred
1094 allowance shall equal the greater of (i) the allowance that would
1095 have been payable had the member continued in service to the
1096 termination age of the temporary allowance, but no more than forty
1097 percent (40%) of average compensation, or (ii) the accrued benefit
1098 based on actual service at the time of disability. The deferred
1099 allowance as determined at the time of disability shall be
1100 adjusted in accordance with Section 25-11-112 for the period
1101 during which the temporary annuity is payable. In no case shall a
1102 member receive less than Ten Dollars (\$10.00) per month for each
1103 year of service and proportionately for each quarter year thereof
1104 reduced for the option selected.

1105 (d) The member may elect to receive the actuarial
1106 equivalent of the disability retirement allowance in a reduced
1107 allowance payable throughout life under any of the provisions of
1108 the options provided under Section 25-11-115.

1109 (e) If a disability retiree who has not selected an
1110 option under Section 25-11-115 dies before being repaid in
1111 disability benefits the sum of his total contributions, then his
1112 named beneficiary shall receive the difference in cash, which
1113 shall apply to all deceased disability retirees from and after
1114 January 1, 1953.

1115 (3) Reexamination of retirees retired on account of
1116 disability. Except as otherwise provided in this section, once
1117 each year during the first five (5) years following retirement of
1118 a member on a disability retirement allowance, and once in every
1119 period of three (3) years thereafter, the board of trustees may,
1120 and upon his application shall, require any disability retiree who
1121 has not yet attained the age of sixty (60) years or the
1122 termination age of the temporary allowance under subsection (2)(c)
1123 of this section to undergo a medical examination, the examination
1124 to be made at the place of residence of the retiree or other place
1125 mutually agreed upon by a physician or physicians designated by
1126 the board. The board, however, in its discretion, may authorize
1127 the medical board to establish reexamination schedules appropriate
1128 to the medical condition of individual disability retirees. If
1129 any disability retiree who has not yet attained the age of sixty
1130 (60) years or the termination age of the temporary allowance under
1131 subsection (2)(c) of this section refuses to submit to any medical
1132 examination provided in this section, his allowance may be
1133 discontinued until his withdrawal of that refusal; and if his
1134 refusal continues for one (1) year, all his rights to a disability
1135 benefit shall be revoked by the board of trustees.

1136 (4) If the medical board reports and certifies to the board
1137 of trustees, after a comparable job analysis or other similar
1138 study, that the disability retiree is engaged in, or is able to
1139 engage in, a gainful occupation paying more than the difference
1140 between his disability allowance, exclusive of cost of living
1141 adjustments, and the average compensation, and if the board of
1142 trustees concurs in the report, the disability benefit shall be
1143 reduced to an amount that, together with the amount earnable by
1144 him, equals the amount of his average compensation. If his
1145 earning capacity is later changed, the amount of the benefit may
1146 be further modified, provided that the revised benefit shall not
1147 exceed the amount originally granted. A retiree receiving a

1148 disability benefit who is restored to active service at a salary
1149 less than the average compensation shall not become a member of
1150 the retirement system.

1151 (5) If a disability retiree under the age of sixty (60)
1152 years or the termination age of the temporary allowance under
1153 subsection (2)(c) of this section is restored to active service at
1154 a compensation not less than his average compensation, his
1155 disability benefit shall end, he shall again become a member of
1156 the retirement system, and contributions shall be withheld and
1157 reported. Any such prior service certificate, on the basis of
1158 which his service was computed at the time of retirement, shall be
1159 restored to full force and effect. In addition, upon his later
1160 retirement he shall be credited with all creditable service as a
1161 member, but the total retirement allowance paid to the retired
1162 member in his previous retirement shall be deducted from his
1163 retirement reserve and taken into consideration in recalculating
1164 the retirement allowance under a new option selected.

1165 (6) If following reexamination in accordance with the
1166 provisions contained in this section, the medical board determines
1167 that a retiree retired on account of disability is physically and
1168 mentally able to return to the employment from which he is
1169 retired, the board of trustees, upon certification of those
1170 findings from the medical board, shall, after a reasonable period
1171 of time, terminate the disability allowance, whether or not the
1172 retiree is reemployed or seeks that reemployment. In addition, if
1173 the board of trustees determines that the retiree is no longer
1174 sustaining a loss of income as established by documented evidence
1175 of the retiree's earned income, the eligibility for a disability
1176 allowance shall terminate and the allowance terminated within a
1177 reasonable period of time. If the retirement allowance is
1178 terminated under the provisions of this section, the retiree may
1179 later qualify for a retirement allowance under Section 25-11-111

1180 based on actual years of service credit plus credit for the period
1181 during which a disability allowance was paid.

1182 (7) Any current member as of June 30, 1992, who retires on a
1183 disability retirement allowance after June 30, 1992, and who has
1184 not elected to receive benefits under subsection (2)(c) of this
1185 section, shall relinquish all rights under the Age Discrimination
1186 in Employment Act of 1967, as amended, with regard to the benefits
1187 payable under this section.

1188 **SECTION 6.** Section 25-11-114, Mississippi Code of 1972, is
1189 amended as follows:

1190 25-11-114. (1) The applicable benefits provided in
1191 subsections (2) and (3) of this section shall be paid to eligible
1192 beneficiaries of any member who became a member of the system
1193 before July 1, 2007, and has completed four (4) or more years of
1194 membership service, or who became a member of the system on or
1195 after July 1, 2007, and has completed eight (8) or more years of
1196 membership service, and who dies before retirement and who has not
1197 filed a Pre-Retirement Optional Retirement Form as provided in
1198 Section 25-11-111.

1199 (2) (a) The member's surviving spouse who has been married
1200 to the member for not less than one (1) year immediately preceding
1201 his death shall receive an annuity computed in accordance with
1202 paragraph (d) of this subsection (2) as if the member:

1203 (i) Had retired on the date of his death with
1204 entitlement to an annuity provided for in Section 25-11-111,
1205 notwithstanding that he might not have attained age sixty (60) or
1206 acquired twenty-five (25) years of creditable service;

1207 (ii) Had nominated his spouse as beneficiary; and

1208 (b) If, at the time of the member's death, there are no
1209 dependent children, and the surviving spouse, who otherwise would
1210 receive the annuity under this subsection (2), has filed with the
1211 system a signed written waiver of his or her rights to the annuity
1212 and that waiver was in effect at the time of the member's death, a

1213 lump sum distribution of the deceased member's accumulated
1214 contributions shall be refunded in accordance with Section
1215 25-11-117.

1216 (c) The spouse annuity shall begin on the first day of
1217 the month following the date of the member's death, but in case of
1218 late filing, retroactive payments will be made for a period of not
1219 more than one (1) year.

1220 (d) The spouse annuity shall be payable for life and
1221 shall be the greater of twenty percent (20%) of the deceased
1222 member's average compensation as defined in Section 25-11-103 at
1223 the time of death or Fifty Dollars (\$50.00) monthly. Surviving
1224 spouses of deceased members who previously received spouse
1225 retirement benefits under this paragraph (d) from and after July
1226 1, 1992, and whose benefits were terminated before July 1, 2004,
1227 because of remarriage, may again receive the retirement benefits
1228 authorized under this paragraph (d) by making application with the
1229 board to reinstate those benefits. Any reinstatement of the
1230 benefits shall be prospective only and shall begin after the first
1231 of the month following the date of the application for
1232 reinstatement, but no earlier than July 1, 2004.

1233 (e) However, the spouse may elect by an irrevocable
1234 agreement on a form prescribed by the board of trustees to receive
1235 a monthly allowance as computed under either paragraph (d) or this
1236 paragraph. The irrevocable agreement shall constitute a waiver by
1237 the spouse to any current and future monthly allowance under the
1238 paragraph not elected, and the waiver shall be a complete and full
1239 discharge of all obligations of the retirement system under that
1240 paragraph.

1241 Any member who has completed the requisite minimum number of
1242 years of membership service to qualify for a retirement allowance
1243 at age sixty (60) and who dies before retirement and leaves a
1244 spouse who has been married to the member for not less than one
1245 (1) year immediately preceding his death and has not exercised any

1246 other option shall be deemed to have exercised Option 2 under
1247 Section 25-11-115 for the benefit of his spouse, which spouse
1248 shall be paid Option 2 settlement benefits under this article
1249 beginning on the first of the month following the date of death,
1250 but in case of late filing, retroactive payments will be made for
1251 a period of not more than one (1) year. The method of calculating
1252 the retirement benefits shall be on the same basis as provided in
1253 Section 25-11-111(d). However, if the member dies before being
1254 qualified for full unreduced benefits, then the benefits shall be
1255 reduced by three percent (3%) per year for the lesser of either
1256 the years of service or age required for full unreduced benefits
1257 in Section 25-11-111(d).

1258 (3) (a) Subject to the maximum limitation provided in this
1259 paragraph, the member's dependent children each shall receive an
1260 annuity of the greater of ten percent (10%) of the member's
1261 average compensation as defined in Section 25-11-103 at the time
1262 of the death of the member or Fifty Dollars (\$50.00) monthly;
1263 however, if there are more than three (3) dependent children, each
1264 dependent child shall receive an equal share of a total annuity
1265 equal to thirty percent (30%) of the member's average
1266 compensation, provided that the total annuity shall not be less
1267 than One Hundred Fifty Dollars (\$150.00) per month for all
1268 children.

1269 (b) A child shall be considered to be a dependent child
1270 until marriage, or the attainment of age nineteen (19), whichever
1271 comes first; however, this age limitation shall be extended beyond
1272 age nineteen (19), but in no event beyond the attainment of age
1273 twenty-three (23), as long as the child is a student regularly
1274 pursuing a full-time course of resident study or training in an
1275 accredited high school, trade school, technical or vocational
1276 institute, junior or community college, college, university or
1277 comparable recognized educational institution duly licensed by a
1278 state. A student child whose birthday falls during the school

1279 year (September 1 through June 30) is considered not to reach age
1280 twenty-three (23) until the July 1 following the actual
1281 twenty-third birthday. A full-time course of resident study or
1282 training means a day or evening noncorrespondence course that
1283 includes school attendance at the rate of at least thirty-six (36)
1284 weeks per academic year or other applicable period with a subject
1285 load sufficient, if successfully completed, to attain the
1286 educational or training objective within the period generally
1287 accepted as minimum for completion, by a full-time day student, of
1288 the academic or training program concerned. Any child who is
1289 physically or mentally incompetent, as adjudged by either a
1290 Mississippi court of competent jurisdiction or by the board, shall
1291 receive benefits for as long as the incompetency exists.

1292 (c) If there are more than three (3) dependent
1293 children, upon a child's ceasing to be a dependent child, his
1294 annuity shall terminate and there shall be a redetermination of
1295 the amounts payable to any remaining dependent children.

1296 (d) Annuities payable under this subsection (3) shall
1297 begin the first day of the month following the date of the
1298 member's death or in case of late filing, retroactive payments
1299 will be made for a period of not more than one (1) year. Those
1300 benefits may be paid to a surviving parent or the lawful custodian
1301 of a dependent child for the use and benefit of the child without
1302 the necessity of appointment as guardian.

1303 (4) (a) Death benefits in the line of duty. Regardless of
1304 the number of years of the member's creditable service, the spouse
1305 and/or the dependent children of an active member who is killed in
1306 the line of performance of duty or dies as a direct result of an
1307 accident occurring in the line of performance of duty shall
1308 qualify, on approval of the board, for a retirement allowance on
1309 the first of the month following the date of death, but in the
1310 case of late filing, retroactive payments will be made for a
1311 period of not more than one (1) year. The spouse shall receive a

1312 retirement allowance for life equal to one-half (1/2) of the
1313 average compensation as defined in Section 25-11-103. In addition
1314 to the retirement allowance for the spouse, or if there is no
1315 surviving spouse, the member's dependent child shall receive a
1316 retirement allowance in the amount of one-fourth (1/4) of the
1317 member's average compensation as defined in Section 25-11-103;
1318 however, if there are two (2) or more dependent children, each
1319 dependent child shall receive an equal share of a total annuity
1320 equal to one-half (1/2) of the member's average compensation. If
1321 there are more than two (2) dependent children, upon a child's
1322 ceasing to be a dependent child, his annuity shall terminate and
1323 there shall be a redetermination of the amounts payable to any
1324 remaining dependent children. Those benefits shall cease to be
1325 paid for the support and maintenance of each child upon the child
1326 attaining the age of nineteen (19) years; however, the spouse
1327 shall continue to be eligible for the aforesaid retirement
1328 allowance. Those benefits may be paid to a surviving parent or
1329 lawful custodian of the children for the use and benefit of the
1330 children without the necessity of appointment as guardian. Any
1331 spouse who received spouse retirement benefits under this
1332 paragraph (a) from and after April 4, 1984, and whose benefits
1333 were terminated before July 1, 2004, because of remarriage, may
1334 again receive the retirement benefits authorized under this
1335 paragraph (a) by making application with the board to reinstate
1336 those benefits. Any reinstatement of the benefits shall be
1337 prospective only and shall begin after the first of the month
1338 following the date of the application for reinstatement, but not
1339 earlier than July 1, 2004.

1340 (b) A child shall be considered to be a dependent child
1341 until marriage, or the attainment of age nineteen (19), whichever
1342 comes first; however, this age limitation shall be extended beyond
1343 age nineteen (19), but in no event beyond the attainment of age
1344 twenty-three (23), as long as the child is a student regularly

1345 pursuing a full-time course of resident study or training in an
1346 accredited high school, trade school, technical or vocational
1347 institute, junior or community college, college, university or
1348 comparable recognized educational institution duly licensed by a
1349 state. A student child whose birthday falls during the school
1350 year (September 1 through June 30) is considered not to reach age
1351 twenty-three (23) until the July 1 following the actual
1352 twenty-third birthday. A full-time course of resident study or
1353 training means a day or evening noncorrespondence course that
1354 includes school attendance at the rate of at least thirty-six (36)
1355 weeks per academic year or other applicable period with a subject
1356 load sufficient, if successfully completed, to attain the
1357 educational or training objective within the period generally
1358 accepted as minimum for completion, by a full-time day student, of
1359 the academic or training program concerned. Any child who is
1360 physically or mentally incompetent, as adjudged by either a
1361 Mississippi court of competent jurisdiction or by the board, shall
1362 receive benefits for as long as the incompetency exists.

1363 (5) If all the annuities provided for in this section
1364 payable on account of the death of a member terminate before there
1365 has been paid an aggregate amount equal to the member's
1366 accumulated contributions standing to the member's credit in the
1367 annuity savings account at the time of the member's death, the
1368 difference between the accumulated contributions and the aggregate
1369 amount of annuity payments shall be paid to the person that the
1370 member has nominated by written designation duly executed and
1371 filed with the board. If there is no designated beneficiary
1372 surviving at termination of benefits, the difference shall be
1373 payable under Section 25-11-117.1(1).

1374 (6) Regardless of the number of years of creditable service
1375 upon the application of a member or employer, any active member
1376 who becomes disabled as a direct result of an accident or
1377 traumatic event resulting in a physical injury occurring in the

1378 line of performance of duty, provided that the medical board or
1379 other designated governmental agency after a medical examination
1380 certifies that the member is mentally or physically incapacitated
1381 for the further performance of duty and the incapacity is likely
1382 to be permanent, may be retired by the board of trustees on the
1383 first of the month following the date of filing the application
1384 but in no event shall the retirement allowance begin before the
1385 termination of state service. The retirement allowance shall
1386 equal the allowance on disability retirement as provided in
1387 Section 25-11-113 but shall not be less than fifty percent (50%)
1388 of average compensation.

1389 Permanent and total disability resulting from a
1390 cardiovascular, pulmonary or musculo-skeletal condition that was
1391 not a direct result of a traumatic event occurring in the
1392 performance of duty shall be deemed an ordinary disability. A
1393 mental disability based exclusively on employment duties occurring
1394 on an ongoing basis shall be deemed an ordinary disability.

1395 (7) If the deceased or disabled member has less than four
1396 (4) years of membership service, the average compensation as
1397 defined in Section 25-11-103 shall be the average of all annual
1398 earned compensation in state service for the purposes of benefits
1399 provided in this section.

1400 (8) In case of death or total and permanent disability under
1401 subsection (4) or subsection (6) of this section and before the
1402 board shall consider any application for a retirement allowance,
1403 the employer must certify to the board that the member's death or
1404 disability was a direct result of an accident or a traumatic event
1405 occurring during and as a result of the performance of the regular
1406 and assigned duties of the employee and that the death or
1407 disability was not the result of the willful negligence of the
1408 employee.

1409 (9) The application for the retirement allowance must be
1410 filed within one (1) year after death of an active member who is

1411 killed in the line of performance of duty or dies as a direct
1412 result of an accident occurring in the line of performance of duty
1413 or traumatic event; but the board of trustees may consider an
1414 application for disability filed after the one-year period if it
1415 can be factually demonstrated to the satisfaction of the board of
1416 trustees that the disability is due to the accident and that the
1417 filing was not accomplished within the one-year period due to a
1418 delayed manifestation of the disability or to circumstances beyond
1419 the control of the member. However, in case of late filing,
1420 retroactive payments will be made for a period of not more than
1421 one (1) year only.

1422 (10) Notwithstanding any other section of this article and
1423 in lieu of any payments to a designated beneficiary for a refund
1424 of contributions under Section 25-11-117, the spouse and/or
1425 children shall be eligible for the benefits payable under this
1426 section, and the spouse may elect, for both the spouse and/or
1427 children, to receive benefits in accordance with either
1428 subsections (2) and (3) or subsection (4) of this section;
1429 otherwise, the contributions to the credit of the deceased member
1430 shall be refunded in accordance with Section 25-11-117.

1431 (11) If the member has previously received benefits from the
1432 system to which he was not entitled and has not repaid in full all
1433 amounts payable by him to the system, the annuity amounts
1434 otherwise provided by this section shall be withheld and used to
1435 effect repayment until the total of the withholdings repays in
1436 full all amounts payable by him to the system.

1437 **SECTION 7.** Section 25-11-115, Mississippi Code of 1972, is
1438 amended as follows:

1439 25-11-115. (1) Upon application for superannuation or
1440 disability retirement, any member may elect to receive his benefit
1441 in a retirement allowance payable throughout life with no further
1442 payments to anyone at his death, except that if his total
1443 retirement payments under this article do not equal his total

1444 contributions under this article, his named beneficiary shall
1445 receive the difference in cash at his death. Or he may elect upon
1446 retirement, or upon becoming eligible for retirement, to receive
1447 the actuarial equivalent subject to the provisions of subsection
1448 (3) of this section of his retirement allowance in a reduced
1449 retirement allowance payable throughout life with the provision
1450 that:

1451 **Option 1.** If he dies before he has received in annuity
1452 payment the value of the member's annuity savings account as it
1453 was at the time of his retirement, the balance shall be paid to
1454 his legal representative or to such person as he has nominated by
1455 written designation duly acknowledged and filed with the
1456 board; * * *

1457 **Option 2.** Upon his death, his reduced retirement allowance
1458 shall be continued throughout the life of, and paid to, such
1459 person as he has nominated by written designation duly
1460 acknowledged and filed with the board of trustees at the time of
1461 his retirement;

1462 **Option 3.** Upon his death, one-half (1/2) of his reduced
1463 retirement allowance shall be continued throughout the life of,
1464 and paid to, such person as he has nominated by written
1465 designation duly acknowledged and filed with the board of trustees
1466 at the time of his retirement, and the other one-half (1/2) of his
1467 reduced retirement allowance to some other designated beneficiary;

1468 **Option 4-A.** Upon his death, one-half (1/2) of his reduced
1469 retirement allowance, or such other specified amount, shall be
1470 continued throughout the life of, and paid to, such person as he
1471 has nominated by written designation duly acknowledged and filed
1472 with the board of trustees at the time of his retirement; * * *

1473 **Option 4-B.** A reduced retirement allowance shall be
1474 continued throughout the life of the retirant, but with the
1475 further guarantee of payments to the named beneficiary,
1476 beneficiaries or to the estate for a specified number of years

1477 certain. If the retired member or the last designated beneficiary
1478 receiving annuity payments dies before receiving all guaranteed
1479 payments due, the actuarial equivalent of the remaining payments
1480 shall be paid under Section 25-11-117.1(1);

1481 * * *

1482 **Option 6.** Any member who became a member of the system
1483 before July 1, 2007, and who has at least twenty-eight (28) years
1484 of creditable service at the time of retirement or who is at least
1485 sixty-three (63) years of age and eligible to retire, may select
1486 the maximum retirement benefit or an optional benefit as provided
1487 in this subsection together with a partial lump-sum distribution.
1488 Any member who became a member of the system on or after July 1,
1489 2007, and who has at least twenty-eight (28) years of creditable
1490 service at the time of retirement may select the maximum
1491 retirement benefit or any optional benefit as provided in this
1492 subsection together with a partial lump-sum distribution. The
1493 amount of the lump-sum distribution under this option shall be
1494 equal to the maximum monthly benefit multiplied by twelve (12),
1495 twenty-four (24) or thirty-six (36) as selected by the member.
1496 The maximum retirement benefit shall be actuarially reduced to
1497 reflect the amount of the lump-sum distribution selected and
1498 further reduced for any other optional benefit selected. The
1499 annuity and lump-sum distribution shall be computed to result in
1500 no actuarial loss to the system. The lump-sum distribution shall
1501 be made as a single payment payable at the time the first monthly
1502 annuity payment is paid to the retiree. The amount of the
1503 lump-sum distribution shall be deducted from the member's annuity
1504 savings account in computing what contributions remain at the
1505 death of the retiree and/or a beneficiary. The lump-sum
1506 distribution option may be elected only once by a member upon
1507 initial retirement, and may not be elected by a retiree, by
1508 members applying for a disability retirement annuity, or by
1509 survivors * * *.

1510 (2) No change in the option selected shall be permitted
1511 after the member's death or after the member has received his
1512 first retirement check except as provided in subsections (3) and
1513 (4) of this section and in Section 25-11-127. Members who are
1514 pursuing a disability retirement allowance and simultaneously or
1515 later elect to begin to receive a service retirement allowance
1516 while continuing to pursue a disability retirement allowance,
1517 shall not be eligible to select * * * Option 6 and that option may
1518 not be selected at a later time if the application for a
1519 disability retirement allowance is voided or denied. However, any
1520 retired member who is receiving a retirement allowance under
1521 Option 2 or Option 4-A upon July 1, 1992, and whose designated
1522 beneficiary predeceased him or whose marriage to a spouse who is
1523 his designated beneficiary is terminated by divorce or other
1524 dissolution, upon written notification to the retirement system of
1525 the death of the designated beneficiary or of the termination of
1526 his marriage to his designated beneficiary, the retirement
1527 allowance payable to the member after receipt of that notification
1528 by the retirement system shall be equal to the retirement
1529 allowance that would have been payable if the member had not
1530 elected the option. In addition, any retired member who is
1531 receiving the maximum retirement allowance for life, a retirement
1532 allowance under Option 1 or who is receiving a retirement
1533 allowance under Option 2 or Option 4-A on July 1, 1992, may elect
1534 to provide survivor benefits under Option 2 or Option 4-A to a
1535 spouse who was not previously the member's beneficiary and whom
1536 the member married before July 1, 1992.

1537 (3) Any retired member who is receiving a reduced retirement
1538 allowance under Option 2 or Option 4-A whose designated
1539 beneficiary predeceases him, or whose marriage to a spouse who is
1540 his designated beneficiary is terminated by divorce or other
1541 dissolution, may elect to cancel his reduced retirement allowance
1542 and receive the maximum retirement allowance for life in an amount

1543 equal to the amount that would have been payable if the member had
1544 not elected Option 2 or Option 4-A. That election must be made in
1545 writing to the office of the executive director of the system on a
1546 form prescribed by the board. Any such election shall be
1547 effective the first of the month following the date the election
1548 is received by the system.

1549 (4) Any retired member who is receiving the maximum
1550 retirement allowance for life, or a retirement allowance under
1551 Option 1, and who marries after his retirement may elect to cancel
1552 his maximum retirement allowance and receive a reduced retirement
1553 allowance under Option 2 or Option 4-A to provide continuing
1554 lifetime benefits to his spouse. That election must be made in
1555 writing to the office of the executive director of the system on a
1556 form prescribed by the board not earlier than the date of the
1557 marriage. Any such election shall be effective the first of the
1558 month following the date the election is received by the system.

1559 (5) If the election of an optional benefit is made after the
1560 member has attained the age of sixty-five (65) years, the
1561 actuarial equivalent factor shall be used to compute the reduced
1562 retirement allowance as if the election had been made on his
1563 sixty-fifth birthday; however, from and after January 1, 2003, if
1564 there is an election of Option 6 after the member has attained the
1565 age of sixty-five (65) years, the actuarial equivalent factor
1566 based on the retiree's age at the time of retirement shall be used
1567 to compute the reduced maximum monthly retirement allowance.
1568 However, if a retiree marries or remarries after retirement and
1569 elects either Option 2 or Option 4-A as provided in subsection (2)
1570 or (4) of this section, the actuarial equivalent factor used to
1571 compute the reduced retirement allowance shall be the factor for
1572 the age of the retiree and his or her beneficiary at the time such
1573 election for recalculation of benefits is made.

1574 (6) Notwithstanding any provision of Section 25-11-1 et
1575 seq., no payments may be made for a retirement allowance on a

1576 monthly basis for a period of time in excess of that allowed by
1577 federal law.

1578 (7) If a retirant and his eligible beneficiary, if any, both
1579 die before they have received in annuity payments a total amount
1580 equal to the accumulated contributions standing to the retirant's
1581 credit in the annuity savings account at the time of his
1582 retirement, the difference between the accumulated contributions
1583 and the total amount of annuities received by them shall be paid
1584 to such persons as the retirant has nominated by written
1585 designation duly executed and filed in the office of the executive
1586 director. If no designated person survives the retirant and his
1587 beneficiary, the difference, if any, shall be paid under Section
1588 25-11-117.1(1).

1589 (8) Any retired member who retired on Option 2(5) or 4-A(5)
1590 before July 1, 1992, who is still receiving a retirement allowance
1591 on July 1, 1994, shall receive an increase in the annual
1592 retirement allowance effective July 1, 1994, equal to the amount
1593 they would have received under Option 2 or Option 4-A without a
1594 reduction for Option 5 based on the ages at retirement of the
1595 retiree and beneficiary and option factors in effect on July 1,
1596 1992. That increase shall be prospective only.

1597 **SECTION 8.** Section 25-11-117, Mississippi Code of 1972, is
1598 amended as follows:

1599 25-11-117. (1) A member may be paid a refund of the amount
1600 of accumulated contributions to the credit of the member in the
1601 annuity savings account, provided that the member has withdrawn
1602 from state service and has not returned to state service on the
1603 date the refund of the accumulated contributions would be paid.
1604 That refund of the contributions to the credit of the member in
1605 the annuity savings account shall be paid within ninety (90) days
1606 from receipt in the office of the retirement system of the
1607 properly completed form requesting the payment. In the event of
1608 death before retirement of any member whose spouse and/or children

1609 are not entitled to a retirement allowance, the accumulated
1610 contributions to the credit of the deceased member in the annuity
1611 savings account shall be paid to the designated beneficiary on
1612 file in writing in the office of the executive director of the
1613 board of trustees within ninety (90) days from receipt of a
1614 properly completed form requesting the payment. If there is no
1615 such designated beneficiary on file for the deceased member in the
1616 office of the system, upon the filing of a proper request with the
1617 board, the contributions to the credit of the deceased member in
1618 the annuity savings account shall be refunded under Section
1619 25-11-117.1(1). The payment of the refund shall discharge all
1620 obligations of the retirement system to the member on account of
1621 any creditable service rendered by the member before the receipt
1622 of the refund. By the acceptance of the refund, the member shall
1623 waive and relinquish all accrued rights in the system.

1624 (2) Under the Unemployment Compensation Amendments of 1992
1625 (Public Law 102-318 (UCA)), a member or the spouse of a member who
1626 is an eligible beneficiary entitled to a refund under this section
1627 may elect, on a form prescribed by the board under rules and
1628 regulations established by the board, to have an eligible rollover
1629 distribution of accumulated contributions payable under this
1630 section paid directly to an eligible retirement plan, as defined
1631 under applicable federal law, or an individual retirement account.
1632 If the member or the spouse of a member who is an eligible
1633 beneficiary makes that election and specifies the eligible
1634 retirement plan or individual retirement account to which the
1635 distribution is to be paid, the distribution will be made in the
1636 form of a direct trustee-to-trustee transfer to the specified
1637 eligible retirement plan. Flexible rollovers under this
1638 subsection shall not be considered assignments under Section
1639 25-11-129.

1640 (3) (a) If any person who became a member of the system
1641 before July 1, 2007, has received a refund reenters the state

1642 service and again becomes a member of the system, the member may
1643 repay all or part of the amounts previously received as a refund,
1644 together with regular interest covering the period from the date
1645 of refund to the date of repayment; however, the amounts that are
1646 repaid by the member and the creditable service related thereto
1647 shall not be used in any benefit calculation or determination
1648 until the member has remained a contributor to the system for a
1649 period of at least four (4) years after the member's reentry into
1650 state service. Repayment for that time shall be made in
1651 increments of not less than one-quarter (1/4) year of creditable
1652 service beginning with the most recent service for which refund
1653 has been made. Upon the repayment of all or part of that refund
1654 and interest, the member shall again receive credit for the period
1655 of creditable service for which full repayment has been made to
1656 the system.

1657 (b) If any person who became a member of the system on
1658 or after July 1, 2007, has received a refund reenters the state
1659 service and again becomes a member of the system, the member may
1660 repay all or part of the amounts previously received as a refund,
1661 together with regular interest covering the period from the date
1662 of refund to the date of repayment; however, the amounts that are
1663 repaid by the member and the creditable service related thereto
1664 shall not be used in any benefit calculation or determination
1665 until the member has remained a contributor to the system for a
1666 period of at least eight (8) years after the member's reentry into
1667 state service. Repayment for that time shall be made in
1668 increments of not less than one-quarter (1/4) year of creditable
1669 service beginning with the most recent service for which refund
1670 has been made. Upon the repayment of all or part of that refund
1671 and interest, the member shall again receive credit for the period
1672 of creditable service for which full repayment has been made to
1673 the system.

1674 (4) (a) In order to provide a source of income to members
1675 who have applied for disability benefits under Section 25-11-113
1676 or 25-11-114, the board may provide, at the employee's election, a
1677 temporary benefit to be paid from the member's accumulated
1678 contributions, if any, without forfeiting the right to pursue
1679 disability benefits, provided that the member has exhausted all
1680 personal and medical leave and has terminated his or her
1681 employment. The board may prescribe rules and regulations for
1682 carrying out the provisions of this subsection (4).

1683 (b) If a member who has elected to receive temporary
1684 benefits under this subsection later applies for a refund of his
1685 or her accumulated contributions, all amounts paid under this
1686 subsection shall be deducted from the accumulated contributions
1687 and the balance will be paid to the member. If a member who has
1688 elected to receive temporary benefits under this subsection is
1689 later approved for a disability retirement allowance, and a
1690 service retirement allowance or survivor benefits are paid on the
1691 account, the board shall adjust the benefits in such a manner that
1692 no more than the actuarial equivalent of the benefits to which the
1693 member or beneficiary was or is entitled shall be paid.

1694 (c) The board may study, develop and propose a
1695 disability benefit structure, including short and long term
1696 disability benefits, provided that it is the actuarial equivalent
1697 of the benefits currently provided in Section 25-11-113 or
1698 25-11-114.

1699 **SECTION 9.** Section 25-11-311, Mississippi Code of 1972, is
1700 amended as follows:

1701 25-11-311. (1) A member may be paid a refund of the amount
1702 of accumulated contributions to the credit of the member in the
1703 annuity savings account, provided the member has withdrawn from
1704 state service and further provided the member has not returned to
1705 state service on the date the refund of the accumulated
1706 contributions would be paid. The refund of the contributions to

1707 the credit of the member in the annuity savings account shall be
1708 paid within ninety (90) days from receipt in the office of the
1709 retirement system of the properly completed form requesting that
1710 payment. In the event of death before retirement of any member
1711 whose spouse and/or children are not entitled to a retirement
1712 allowance, the accumulated contributions to the credit of the
1713 deceased member in the annuity savings account shall be paid to
1714 the designated beneficiary on file in writing in the office of
1715 executive secretary of the board of trustees within ninety (90)
1716 days from receipt of a properly completed form requesting that
1717 payment. If there is no such designated beneficiary on file for
1718 the deceased member in the office of the system, upon the filing
1719 of a proper request with the board, the contributions to the
1720 credit of the deceased member in the annuity savings account shall
1721 be refunded under Section 25-11-311.1(1). The payment of the
1722 refund shall discharge all obligations of the retirement system to
1723 the member on account of any creditable service rendered by the
1724 member before the receipt of the refund. By the acceptance of the
1725 refund, the member shall waive and relinquish all accrued rights
1726 in the plan.

1727 (2) Under the Unemployment Compensation Amendments of 1992
1728 (Public Law 102-318 (USCS)), a member or eligible beneficiary
1729 making application for a refund under this section may elect, on a
1730 form prescribed by the board under rules and regulations
1731 established by the board, to have an eligible rollover
1732 distribution of accumulated contributions payable under this
1733 section paid directly to an eligible retirement plan, as defined
1734 under applicable federal law, or an individual retirement account.
1735 If the member or eligible beneficiary makes that election and
1736 specifies the eligible retirement plan or individual retirement
1737 account to which the distribution is to be paid, the distribution
1738 will be made in the form of a direct trustee-to-trustee transfer
1739 to the specified eligible retirement plan. Flexible rollovers

1740 under this subsection shall not be considered assignments under
1741 Section 25-11-129.

1742 (3) (a) If any person who became a member of the system
1743 before July 1, 2007, has received a refund is reelected to the
1744 Legislature or as President of the Senate and again becomes a
1745 member of the plan, the member may repay all or part of the
1746 amounts previously received as a refund, together with regular
1747 interest covering the period from the date of refund to the date
1748 of repayment; however, the amounts that are repaid by the member
1749 and the creditable service related thereto shall not be used in
1750 any benefit calculation or determination until the member has
1751 remained a contributor to the system for a period of at least four
1752 (4) years after the member's reentry into state service.

1753 Repayment for that time shall be made in increments of not less
1754 than one-quarter (1/4) year of creditable service beginning with
1755 the most recent service for which refund has been made. Upon the
1756 repayment of all or part of that refund and interest, the member
1757 shall again receive credit for the period of creditable service
1758 for which full repayment has been made to the system.

1759 (b) If any person who became a member of the system on
1760 or after July 1, 2007, has received a refund reenters the state
1761 service and again becomes a member of the system, the member may
1762 repay all or part of the amount previously received as a refund,
1763 together with regular interest covering the period from the date
1764 of refund to the date of repayment; however, the amounts that are
1765 repaid by the member and the creditable service related thereto
1766 shall not be used in any benefit calculation or determination
1767 until the member has remained a contributor to the system for a
1768 period of at least eight (8) years after the member's reentry into
1769 state service. Repayment for that time shall be made in
1770 increments of not less than one-quarter (1/4) year of creditable
1771 service beginning with the most recent service for which refund
1772 has been made. Upon the repayment of all or part of that refund

1773 and interest, the member shall again receive credit for the period
1774 of creditable service for which full repayment has been made to
1775 the system.

1776 **SECTION 10.** Section 25-11-315, Mississippi Code of 1972, is
1777 amended as follows:

1778 25-11-315. (1) Any member of the State Legislature or the
1779 President of the Senate who becomes a member of the plan on July
1780 1, 1989, shall be eligible for prior service as a member of the
1781 State Legislature or as President of the Senate. Each member
1782 shall submit to the board a verification of prior service as a
1783 member of the State Legislature or as President of the Senate.
1784 Upon receipt of that prior service statement, the board shall
1785 issue a prior service certificate certifying to each member the
1786 length of prior service for which credit has been allowed on the
1787 basis of the statement of service. Additional prior service
1788 regulations in force shall be those found in Section 25-11-101 et
1789 seq.

1790 (2) (a) Any member of the State Legislature or the
1791 President of the Senate who becomes a member of this plan after
1792 July 1, 1989, but before July 1, 2007, shall not be allowed prior
1793 service unless the member serves as a member of the State
1794 Legislature or as President of the Senate for a minimum of four
1795 (4) years and contributes to the plan for a minimum period of four
1796 (4) years.

1797 (b) Any member of the State Legislature or the
1798 President of the Senate who becomes a member of this plan on or
1799 after July 1, 2007, shall not be allowed prior service unless the
1800 member serves as a member of the State Legislature or as President
1801 of the Senate for a minimum of eight (8) years and contributes to
1802 the plan for a minimum period of eight (8) years.

1803 **SECTION 11.** Section 25-11-123, Mississippi Code of 1972, is
1804 amended as follows:

1805 25-11-123. All of the assets of the system shall be credited
1806 according to the purpose for which they are held to one (1) of
1807 four (4) reserves; namely, the annuity savings account, the
1808 annuity reserve, the employer's accumulation account, and the
1809 expense account.

1810 (a) **Annuity savings account.** In the annuity savings account
1811 shall be accumulated the contributions made by members to provide
1812 for their annuities, including interest thereon which shall be
1813 posted monthly. Credits to and charges against the annuity
1814 savings account shall be made as follows:

1815 (1) Beginning July 1, 1991, the employer shall cause to
1816 be deducted from the salary of each member on each and every
1817 payroll of the employer for each and every payroll period seven
1818 and one-fourth percent (7-1/4%) of earned compensation as defined
1819 in Section 25-11-103. Future contributions shall be fixed
1820 biennially by the board on the basis of the liabilities of the
1821 retirement system for the various allowances and benefits as shown
1822 by actuarial valuation; however, any member earning at a rate less
1823 than Sixteen Dollars and Sixty-seven Cents (\$16.67) per month, or
1824 Two Hundred Dollars (\$200.00) per year, shall contribute not less
1825 than One Dollar (\$1.00) per month, or Twelve Dollars (\$12.00) per
1826 year.

1827 (2) The deductions provided herein shall be made
1828 notwithstanding that the minimum compensation provided by law for
1829 any member is reduced thereby. Every member shall be deemed to
1830 consent and agree to the deductions made and provided for herein
1831 and shall receipt for his full salary or compensation, and payment
1832 of salary or compensation less the deduction shall be a full and
1833 complete discharge and acquittance of all claims and demands
1834 whatsoever for the services rendered by the person during the
1835 period covered by the payment, except as to the benefits provided
1836 under Articles 1 and 3. The board shall provide by rules for the
1837 methods of collection of contributions from members and the

1838 employer. The board shall have full authority to require the
1839 production of evidence necessary to verify the correctness of
1840 amounts contributed.

1841 (b) **Annuity reserve.** The annuity reserve shall be the
1842 account representing the actuarial value of all annuities in
1843 force, and to it shall be charged all annuities and all benefits
1844 in lieu of annuities, payable as provided in this article. If a
1845 beneficiary retired on account of disability is restored to active
1846 service with a compensation not less than his average final
1847 compensation at the time of his last retirement, the remainder of
1848 his contributions shall be transferred from the annuity reserve to
1849 the annuity savings account and credited to his individual account
1850 therein, and the balance of his annuity reserve shall be
1851 transferred to the employer's accumulation account.

1852 (c) **Employer's accumulation account.** The employer's
1853 accumulation account shall represent the accumulation of all
1854 reserves for the payment of all retirement allowances and other
1855 benefits payable from contributions made by the employer, and
1856 against this account shall be charged all retirement allowances
1857 and other benefits on account of members. Credits to and charges
1858 against the employer's accumulation account shall be made as
1859 follows:

1860 (1) On account of each member there shall be paid
1861 monthly into the employer's accumulation account by the employers
1862 for the preceding fiscal year an amount equal to a certain
1863 percentage of the total earned compensation, as defined in Section
1864 25-11-103, of each member. The percentage rate of those
1865 contributions shall be fixed biennially by the board on the basis
1866 of the liabilities of the retirement system for the various
1867 allowances and benefits as shown by actuarial valuation.
1868 Beginning January 1, 1990, the rate shall be fixed at nine and
1869 three-fourths percent (9-3/4%). * * * Political subdivisions
1870 joining Article 3 of the Public Employees' Retirement System after

1871 July 1, 1968, may adjust the employer's contributions by agreement
1872 with the Board of Trustees of the Public Employees' Retirement
1873 System to provide service credits for any period before execution
1874 of the agreement based upon an actuarial determination of
1875 employer's contribution rates.

1876 (2) On the basis of regular interest and of such
1877 mortality and other tables as are adopted by the board of
1878 trustees, the actuary engaged by the board to make each valuation
1879 required by this article during the period over which the accrued
1880 liability contribution is payable, immediately after making that
1881 valuation, shall determine the uniform and constant percentage of
1882 the earnable compensation of each member which, if contributed by
1883 the employer on the basis of compensation of the member throughout
1884 his entire period of membership service, would be sufficient to
1885 provide for the payment of any retirement allowance payable on his
1886 account for that service. The percentage rate so determined shall
1887 be known as the "normal contribution rate." After the accrued
1888 liability contribution has ceased to be payable, the normal
1889 contribution rate shall be the percentage rate of the salary of
1890 all members obtained by deducting from the total liabilities on
1891 account of membership service the amount in the employer's
1892 accumulation account, and dividing the remainder by one percent
1893 (1%) of the present value of the prospective future salaries of
1894 all members as computed on the basis of the mortality and service
1895 tables adopted by the board of trustees and regular interest. The
1896 normal rate of contributions shall be determined by the actuary
1897 after each valuation.

1898 (3) The total amount payable in each year to the
1899 employer's accumulation account shall not be less than the sum of
1900 the percentage rate known as the "normal contribution rate" and
1901 the "accrued liability contribution rate" of the total
1902 compensation earnable by all members during the preceding year,
1903 provided that the payment by the employer shall be sufficient,

1904 when combined with the amounts in the account, to provide the
1905 allowances and other benefits chargeable to this account during
1906 the year then current.

1907 (4) The accrued liability contribution shall be
1908 discontinued as soon as the accumulated balance in the employer's
1909 accumulation account shall equal the present value, computed on
1910 the basis of the normal contribution rate then in force, or the
1911 prospective normal contributions to be received on account of all
1912 persons who are at that time members.

1913 (5) All allowances and benefits in lieu thereof, with
1914 the exception of those payable on account of members who receive
1915 no prior service credit, payable from contributions of the
1916 employer, shall be paid from the employer's accumulation account.

1917 (6) Upon the retirement of a member, an amount equal to
1918 his retirement allowance shall be transferred from the employer's
1919 accumulation account to the annuity reserve.

1920 (d) **Expense account.** The expense account shall be the
1921 account to which the expenses of the administration of the system
1922 shall be charged, exclusive of amounts payable as retirement
1923 allowances and as other benefits provided herein. The Legislature
1924 shall make annual appropriations in amounts sufficient to
1925 administer the system, which shall be credited to this account.
1926 There shall be transferred to the State Treasury from this
1927 account, not less than once per month, an amount sufficient for
1928 payment of the estimated expenses of the system for the succeeding
1929 thirty (30) days. Any interest earned on the expense account
1930 shall accrue to the benefit of the system. However,
1931 notwithstanding the provisions of Sections 25-11-15(10) and
1932 25-11-105(f)(5)E, all expenses of the administration of the system
1933 shall be paid from the interest earnings, provided the interest
1934 earnings are in excess of the actuarial interest assumption as
1935 determined by the board, and provided the present cost of the
1936 administrative expense fee of two percent (2%) of the

1937 contributions reported by the political subdivisions and
1938 instrumentalities shall be reduced to one percent (1%) from and
1939 after July 1, 1983, through June 30, 1984, and shall be eliminated
1940 thereafter.

1941 (e) **Collection of contributions.** The employer shall cause
1942 to be deducted on each and every payroll of a member for each and
1943 every payroll period, beginning subsequent to January 31, 1953,
1944 the contributions payable by the member as provided in Articles 1
1945 and 3.

1946 The employer shall make deductions from salaries of employees
1947 as provided in Articles 1 and 3 and shall transmit monthly, or at
1948 such time as the board of trustees designates, the amount
1949 specified to be deducted to the Executive Director of the Public
1950 Employees' Retirement System. The executive director, after
1951 making a record of all those receipts, shall deposit such amounts
1952 as provided by law.

1953 (f) (1) Upon the basis of each actuarial valuation provided
1954 herein, the board of trustees shall biennially determine the
1955 normal contribution rate and the accrued liability contribution
1956 rate as provided in this section. The sum of these two (2) rates
1957 shall be known as the "employer's contribution rate." Beginning
1958 on earned compensation effective January 1, 1990, the rate
1959 computed as provided in this section shall be nine and
1960 three-fourths percent (9-3/4%). * * * The percentage rate of
1961 those contributions shall be fixed biennially by the board on the
1962 basis of the liabilities of the retirement system for the various
1963 allowances and benefits as shown by actuarial
1964 valuation.

1965 (2) The amount payable by the employer on account of
1966 normal and accrued liability contributions shall be determined by
1967 applying the employer's contribution rate to the amount of
1968 compensation earned by employees who are members of the system.
1969 Monthly, or at such time as the board of trustees designates, each

1970 department or agency shall compute the amount of the employer's
1971 contribution payable, with respect to the salaries of its
1972 employees who are members of the system, and shall cause that
1973 amount to be paid to the board of trustees from the personal
1974 service allotment of the amount appropriated for the operation of
1975 the department or agency, or from funds otherwise available to the
1976 agency, for the payment of salaries to its employees.

1977 (3) Constables shall pay employer and employee
1978 contributions on their net fee income as well as the employee
1979 contributions on all direct treasury or county payroll income.
1980 The county shall be responsible for the employer contribution on
1981 all direct treasury or county payroll income of constables.

1982 (4) Chancery and circuit clerks shall be responsible
1983 for both the employer and employee share of contributions on the
1984 proportionate share of net income attributable to fees, as well as
1985 the employee share of net income attributable to direct treasury
1986 or county payroll income, and the employing county shall be
1987 responsible for the employer contributions on the net income
1988 attributable to direct treasury or county payroll income.

1989 (5) Once each year, under procedures established by the
1990 system, each employer shall submit to the Public Employees'
1991 Retirement System a copy of their report to Social Security of all
1992 employees' earnings.

1993 (6) The board shall provide by rules for the methods of
1994 collection of contributions of employers and members. The amounts
1995 determined due by an agency to the various funds as specified in
1996 Articles 1 and 3 are made obligations of the agency to the board
1997 and shall be paid as provided herein. Failure to deduct those
1998 contributions shall not relieve the employee and employer from
1999 liability thereof. Delinquent employee contributions and any
2000 accrued interest shall be the obligation of the employee and
2001 delinquent employer contributions and any accrued interest shall
2002 be the obligation of the employer. The employer may, in its

2003 discretion, elect to pay any or all of the interest on delinquent
2004 employee contributions. From and after July 1, 1996, under rules
2005 and regulations established by the board, all employers are
2006 authorized and shall transfer all funds due to the Public
2007 Employees' Retirement System electronically and shall transmit any
2008 wage or other reports by computerized reporting systems.

2009 **SECTION 12.** Section 25-11-141, Mississippi Code of 1972, is
2010 amended as follows:

2011 * * *

2012 25-11-141. The board of trustees may enter into an agreement
2013 with insurance companies, hospital service associations, medical
2014 or health care corporations, health maintenance organizations, or
2015 government agencies authorized to do business in the state for
2016 issuance of a policy or contract of life, health, medical,
2017 hospital or surgical benefits, or any combination thereof, for
2018 those persons receiving a service, disability or survivor
2019 retirement allowance from any system administered by the board.
2020 Notwithstanding any other provision of this chapter, the policy or
2021 contract also may include coverage for the spouse and dependent
2022 children of such eligible person and for such sponsored dependents
2023 as the board considers appropriate. If all or any portion of the
2024 policy or contract premium is to be paid by any person receiving a
2025 service, disability or survivor retirement allowance, such person
2026 shall, by written authorization, instruct the board to deduct from
2027 the retirement allowance the premium cost and to make payments to
2028 such companies, associations, corporations or agencies.

2029 The board may contract for such coverage on the basis that
2030 the cost of the premium for the coverage will be paid by the
2031 person receiving a retirement allowance.

2032 The board is authorized to accept bids for such optional
2033 coverage and benefits and to make all necessary rules pursuant to
2034 the purpose and intent of this section.

2035 * * *

2036 **SECTION 13.** Section 25-15-3, Mississippi Code of 1972, is
2037 amended as follows:

2038 * * *

2039 25-15-3. For the purposes of this article, the words and
2040 phrases used herein shall have the following meanings:

2041 (a) "Employee" means a person who works full time for
2042 the State of Mississippi and receives his compensation in a direct
2043 payment from a department, agency or institution of the state
2044 government and any person who works full time for any school
2045 district, community/junior college, public library or
2046 university-based program authorized under Section 37-23-31 for
2047 deaf, aphasic and emotionally disturbed children or any regular
2048 nonstudent bus driver. This shall include legislators, employees
2049 of the legislative branch and the judicial branch of the state and
2050 "employees" shall include full-time salaried judges and full-time
2051 district attorneys and their staff and full-time compulsory school
2052 attendance officers. For the purposes of this article, any
2053 "employee" making contributions to the State of Mississippi
2054 retirement plan shall be considered a full-time employee.

2055 (b) "Department" means the Department of Finance and
2056 Administration.

2057 (c) "Plan" means the State and School Employees Life
2058 and Health Insurance Plan created under this article.

2059 (d) "Fund" means the State and School Employees
2060 Insurance Fund set up under this article.

2061 (e) "Retiree" means any employee retired under the
2062 Mississippi retirement plan.

2063 (f) "Board" means the State and School Employees Health
2064 Insurance Management Board created under Section 25-15-303.

2065 * * *

2066 **SECTION 14.** Section 25-15-9, Mississippi Code of 1972, is
2067 amended as follows:

2068 * * *

2069 25-15-9. (1) (a) The board shall design a plan of health
2070 insurance for state employees which provides benefits for
2071 semiprivate rooms in addition to other incidental coverages which
2072 the board deems necessary. The amount of the coverages shall be
2073 in such reasonable amount as may be determined by the board to be
2074 adequate, after due consideration of current health costs in
2075 Mississippi. The plan shall also include major medical benefits
2076 in such amounts as the board shall determine. The board is also
2077 authorized to accept bids for such alternate coverage and optional
2078 benefits as the board shall deem proper. Any contract for
2079 alternative coverage and optional benefits shall be awarded by the
2080 board after it has carefully studied and evaluated the bids and
2081 selected the best and most cost-effective bid. The board may
2082 reject all such bids; however, the board shall notify all bidders
2083 of the rejection and shall actively solicit new bids if all bids
2084 are rejected. The board may employ or contract for such
2085 consulting or actuarial services as may be necessary to formulate
2086 the plan, and to assist the board in the preparation of
2087 specifications and in the process of advertising for the bids for
2088 the plan. Such contracts shall be solicited and entered into in
2089 accordance with Section 25-15-5. The board shall keep a record of
2090 all persons, agents and corporations who contract with or assist
2091 the board in preparing and developing the plan. The board in a
2092 timely manner shall provide copies of this record to the members
2093 of the advisory council created in this section and those
2094 legislators, or their designees, who may attend meetings of the
2095 advisory council. The board shall provide copies of this record
2096 in the solicitation of bids for the administration or servicing of
2097 the self-insured program. Each person, agent or corporation
2098 which, during the previous fiscal year, has assisted in the
2099 development of the plan or employed or compensated any person who
2100 assisted in the development of the plan, and which bids on the
2101 administration or servicing of the plan, shall submit to the board

2102 a statement accompanying the bid explaining in detail its
2103 participation with the development of the plan. This statement
2104 shall include the amount of compensation paid by the bidder to any
2105 such employee during the previous fiscal year. The board shall
2106 make all such information available to the members of the advisory
2107 council and those legislators, or their designees, who may attend
2108 meetings of the advisory council before any action is taken by the
2109 board on the bids submitted. The failure of any bidder to fully
2110 and accurately comply with this paragraph shall result in the
2111 rejection of any bid submitted by that bidder or the cancellation
2112 of any contract executed when the failure is discovered after the
2113 acceptance of that bid. The board is authorized to promulgate
2114 rules and regulations to implement the provisions of this
2115 subsection.

2116 The board shall develop plans for the insurance plan
2117 authorized by this section in accordance with the provisions of
2118 Section 25-15-5.

2119 Any corporation, association, company or individual that
2120 contracts with the board for the third-party claims administration
2121 of the self-insured plan shall prepare and keep on file an
2122 explanation of benefits for each claim processed. The explanation
2123 of benefits shall contain such information relative to each
2124 processed claim which the board deems necessary, and, at a
2125 minimum, each explanation shall provide the claimant's name, claim
2126 number, provider number, provider name, service dates, type of
2127 services, amount of charges, amount allowed to the claimant and
2128 reason codes. The information contained in the explanation of
2129 benefits shall be available for inspection upon request by the
2130 board. The board shall have access to all claims information
2131 utilized in the issuance of payments to employees and providers.

2132 (b) There is created an advisory council to advise the
2133 board in the formulation of the State and School Employees Health
2134 Insurance Plan. The council shall be composed of the State

2135 Insurance Commissioner or his designee, an employee-representative
2136 of the institutions of higher learning appointed by the board of
2137 trustees thereof, an employee-representative of the Department of
2138 Transportation appointed by the director thereof, an
2139 employee-representative of the State Tax Commission appointed by
2140 the Commissioner of Revenue, an employee-representative of the
2141 Mississippi Department of Health appointed by the State Health
2142 Officer, an employee-representative of the Mississippi Department
2143 of Corrections appointed by the Commissioner of Corrections, and
2144 an employee-representative of the Department of Human Services
2145 appointed by the Executive Director of Human Services, two (2)
2146 certificated public school administrators appointed by the State
2147 Board of Education, two (2) certificated classroom teachers
2148 appointed by the State Board of Education, a noncertificated
2149 school employee appointed by the State Board of Education and a
2150 community/junior college employee appointed by the State Board for
2151 Community and Junior Colleges.

2152 The Lieutenant Governor may designate the Secretary of the
2153 Senate, the Chairman of the Senate Appropriations Committee, the
2154 Chairman of the Senate Education Committee and the Chairman of the
2155 Senate Insurance Committee, and the Speaker of the House of
2156 Representatives may designate the Clerk of the House, the Chairman
2157 of the House Appropriations Committee, the Chairman of the House
2158 Education Committee and the Chairman of the House Insurance
2159 Committee, to attend any meeting of the State and School Employees
2160 Insurance Advisory Council. The appointing authorities may
2161 designate an alternate member from their respective houses to
2162 serve when the regular designee is unable to attend such meetings
2163 of the council. Such designees shall have no jurisdiction or vote
2164 on any matter within the jurisdiction of the council. For
2165 attending meetings of the council, such legislators shall receive
2166 per diem and expenses which shall be paid from the contingent
2167 expense funds of their respective houses in the same amounts as

2168 provided for committee meetings when the Legislature is not in
2169 session; however, no per diem and expenses for attending meetings
2170 of the council will be paid while the Legislature is in session.
2171 No per diem and expenses will be paid except for attending
2172 meetings of the council without prior approval of the proper
2173 committee in their respective houses.

2174 (c) No change in the terms of the State and School
2175 Employees Health Insurance Plan may be made effective unless the
2176 board, or its designee, has provided notice to the State and
2177 School Employees Health Insurance Advisory Council and has called
2178 a meeting of the council at least fifteen (15) days before the
2179 effective date of such change. In the event that the State and
2180 School Employees Health Insurance Advisory Council does not meet
2181 to advise the board on the proposed changes, the changes to the
2182 plan shall become effective at such time as the board has informed
2183 the council that the changes shall become effective.

2184 (d) **Medical benefits for retired employees and**
2185 **dependents under age sixty-five (65) years and not eligible for**
2186 **Medicare benefits.** For employees who retire before July 1, 2005,
2187 and for employees retiring due to work-related disability under
2188 the Public Employees' Retirement System, the same health insurance
2189 coverage as for all other active employees and their dependents
2190 shall be available to retired employees and all dependents under
2191 age sixty-five (65) years who are not eligible for Medicare
2192 benefits, the level of benefits to be the same level as for all
2193 other active participants. For employees who retire on or after
2194 July 1, 2005, and not retiring due to work-related disability
2195 under the Public Employees' Retirement System, the same health
2196 insurance coverage as for all other active employees and their
2197 dependents shall be available to such retiring employees and all
2198 dependents under age sixty-five (65) years who are not eligible
2199 for Medicare benefits only if the retiring employees were
2200 participants in the State and School Employees Health Insurance

2201 Plan for four (4) years or more before their retirement, the level
2202 of benefits to be the same level as for all other active
2203 participants. This section will apply to those employees who
2204 retire due to one hundred percent (100%) medical disability as
2205 well as those employees electing early retirement.

2206 (e) **Medical benefits for retired employees and**
2207 **dependents over age sixty-five (65) years or otherwise eligible**
2208 **for Medicare benefits.** For employees who retire before July 1,
2209 2005, and for employees retiring due to work-related disability
2210 under the Public Employees' Retirement System, the health
2211 insurance coverage available to retired employees over age
2212 sixty-five (65) years or otherwise eligible for Medicare benefits,
2213 and all dependents over age sixty-five (65) years or otherwise
2214 eligible for Medicare benefits, shall be the major medical
2215 coverage with the lifetime maximum of One Million Dollars
2216 (\$1,000,000.00). For employees retiring on or after July 1, 2005,
2217 and not retiring due to work-related disability under the Public
2218 Employees' Retirement System, the health insurance coverage
2219 described herein shall be available to such retiring employees
2220 only if they were participants in the State and School Employees
2221 Health Insurance Plan for four (4) years or more and are over age
2222 sixty-five (65) years or otherwise eligible for Medicare benefits,
2223 and to all dependents over age sixty-five (65) years or otherwise
2224 eligible for Medicare benefits. Benefits shall be reduced by
2225 Medicare benefits as though such Medicare benefits were the base
2226 plan.

2227 All covered individuals shall be assumed to have full
2228 Medicare coverage, Parts A and B; and any Medicare payments under
2229 both Parts A and B shall be computed to reduce benefits payable
2230 under this plan.

2231 (2) Nonduplication of benefits--reduction of benefits by
2232 Title XIX benefits: When benefits would be payable under more
2233 than one (1) group plan, benefits under those plans will be

2234 coordinated to the extent that the total benefits under all plans
2235 will not exceed the total expenses incurred.

2236 Benefits for hospital or surgical or medical benefits shall
2237 be reduced by any similar benefits payable in accordance with
2238 Title XIX of the Social Security Act or under any amendments
2239 thereto, or any implementing legislation.

2240 Benefits for hospital or surgical or medical benefits shall
2241 be reduced by any similar benefits payable by workers'
2242 compensation.

2243 (3) (a) Schedule of life insurance benefits--group term:
2244 The amount of term life insurance for each active employee of a
2245 department, agency or institution of the state government shall
2246 not be in excess of One Hundred Thousand Dollars (\$100,000.00), or
2247 twice the amount of the employee's annual wage to the next highest
2248 One Thousand Dollars (\$1,000.00), whichever may be less, but in no
2249 case less than Thirty Thousand Dollars (\$30,000.00), with a like
2250 amount for accidental death and dismemberment on a
2251 twenty-four-hour basis. The plan will further contain a premium
2252 waiver provision if a covered employee becomes totally and
2253 permanently disabled prior to age sixty-five (65) years.
2254 Employees retiring after June 30, 1999, shall be eligible to
2255 continue life insurance coverage in an amount of Five Thousand
2256 Dollars (\$5,000.00), Ten Thousand Dollars (\$10,000.00) or Twenty
2257 Thousand Dollars (\$20,000.00) into retirement.

2258 (b) Effective October 1, 1999, schedule of life
2259 insurance benefits--group term: The amount of term life insurance
2260 for each active employee of any school district, community/junior
2261 college, public library or university-based program authorized
2262 under Section 37-23-31 for deaf, aphasic and emotionally disturbed
2263 children or any regular nonstudent bus driver shall not be in
2264 excess of One Hundred Thousand Dollars (\$100,000.00), or twice the
2265 amount of the employee's annual wage to the next highest One
2266 Thousand Dollars (\$1,000.00), whichever may be less, but in no

2267 case less than Thirty Thousand Dollars (\$30,000.00), with a like
2268 amount for accidental death and dismemberment on a
2269 twenty-four-hour basis. The plan will further contain a premium
2270 waiver provision if a covered employee of any school district,
2271 community/junior college, public library or university-based
2272 program authorized under Section 37-23-31 for deaf, aphasic and
2273 emotionally disturbed children or any regular nonstudent bus
2274 driver becomes totally and permanently disabled prior to age
2275 sixty-five (65) years. Employees of any school district,
2276 community/junior college, public library or university-based
2277 program authorized under Section 37-23-31 for deaf, aphasic and
2278 emotionally disturbed children or any regular nonstudent bus
2279 driver retiring after September 30, 1999, shall be eligible to
2280 continue life insurance coverage in an amount of Five Thousand
2281 Dollars (\$5,000.00), Ten Thousand Dollars (\$10,000.00) or Twenty
2282 Thousand Dollars (\$20,000.00) into retirement.

2283 (4) Any eligible employee who on March 1, 1971, was
2284 participating in a group life insurance program which has
2285 provisions different from those included herein and for which the
2286 State of Mississippi was paying a part of the premium may, at his
2287 discretion, continue to participate in such plan. Such employee
2288 shall pay in full all additional costs, if any, above the minimum
2289 program established by this article. Under no circumstances shall
2290 any individual who begins employment with the state after March 1,
2291 1971, be eligible for the provisions of this subsection.

2292 (5) The board may offer medical savings accounts as defined
2293 in Section 71-9-3 as a plan option.

2294 (6) Any premium differentials, differences in coverages,
2295 discounts determined by risk or by any other factors shall be
2296 uniformly applied to all active employees participating in the
2297 insurance plan. It is the intent of the Legislature that the
2298 state contribution to the plan be the same for each employee
2299 throughout the state.

2300 (7) On October 1, 1999, any school district,
2301 community/junior college district or public library may elect to
2302 remain with an existing policy or policies of group life insurance
2303 with an insurance company approved by the State and School
2304 Employees Health Insurance Management Board, in lieu of
2305 participation in the State and School Life Insurance Plan. On or
2306 after July 1, 2004, until October 1, 2004, any school district,
2307 community/junior college district or public library may elect to
2308 choose a policy or policies of group life insurance existing on
2309 October 1, 1999, with an insurance company approved by the State
2310 and School Employees Health Insurance Management Board in lieu of
2311 participation in the State and School Life Insurance Plan. The
2312 state's contribution of up to fifty percent (50%) of the active
2313 employee's premium under the State and School Life Insurance Plan
2314 may be applied toward the cost of coverage for full-time employees
2315 participating in the approved life insurance company group plan.
2316 For purposes of this subsection (7), "life insurance company group
2317 plan" means a plan administered or sold by a private insurance
2318 company. After October 1, 1999, the board may assess charges in
2319 addition to the existing State and School Life Insurance Plan
2320 rates to such employees as a condition of enrollment in the State
2321 and School Life Insurance Plan. In order for any life insurance
2322 company group plan to be approved by the State and School
2323 Employees Health Insurance Management Board under this subsection
2324 (7), it shall meet the following criteria:

2325 (a) The insurance company offering the group life
2326 insurance plan shall be rated "A-" or better by A.M. Best state
2327 insurance rating service and be licensed as an admitted carrier in
2328 the State of Mississippi by the Mississippi Department of
2329 Insurance.

2330 (b) The insurance company group life insurance plan
2331 shall provide the same life insurance, accidental death and

2332 dismemberment insurance and waiver of premium benefits as provided
2333 in the State and School Life Insurance Plan.

2334 (c) The insurance company group life insurance plan
2335 shall be fully insured, and no form of self-funding life insurance
2336 by such company shall be approved.

2337 (d) The insurance company group life insurance plan
2338 shall have one (1) composite rate per One Thousand Dollars
2339 (\$1,000.00) of coverage for active employees regardless of age and
2340 one (1) composite rate per One Thousand Dollars (\$1,000.00) of
2341 coverage for all retirees regardless of age or type of retiree.

2342 (e) The insurance company and its group life insurance
2343 plan shall comply with any administrative requirements of the
2344 State and School Employees Health Insurance Management Board. In
2345 the event any insurance company providing group life insurance
2346 benefits to employees under this subsection (7) fails to comply
2347 with any requirements specified herein or any administrative
2348 requirements of the board, the state shall discontinue providing
2349 funding for the cost of such insurance.

2350 * * *

2351 **SECTION 15.** Section 25-15-11, Mississippi Code of 1972, is
2352 amended as follows:

2353 * * *

2354 25-15-11. (1) The board is authorized to execute a contract
2355 or contracts to provide the benefits under the plan. Such
2356 contract or contracts may be executed with one or more
2357 corporations or associations licensed to transact life and
2358 accident and health insurance business in this state; however, no
2359 such contract shall be executed with any corporation, association
2360 or company domiciled in any other state except that such
2361 corporation, association or company shall meet the conditions and
2362 terms for a like contract established by the state of the domicile
2363 of such corporation, association or company for a Mississippi
2364 corporation, association or company. No corporation, association

2365 or company with less than five (5) years' experience in the life
2366 and health field may bid. All of the benefits to be provided
2367 under the plan may be included in one or more similar contracts,
2368 or the benefits may be classified into different types with each
2369 type included under one or more similar contracts issued by the
2370 same or different companies.

2371 The board shall supply the statistical information upon which
2372 a quotation is to be calculated, upon request, to all carriers
2373 licensed in the state. Bids may be accepted at the discretion of
2374 the board, and the board shall have the right to adjust rates on
2375 an annual basis if the board shall deem such adjustment necessary.
2376 The plan for active employees shall be on retention accounting
2377 basis, and a separate retention accounting basis shall be used for
2378 retired employees. Any additional written information the carrier
2379 wishes to submit, supporting the proposed benefits and premium
2380 rate, may accompany the proposal. After receiving the proposals,
2381 the board shall determine whether to contract with the carrier
2382 which has been determined to have submitted the lowest and best
2383 bid, or to reject all such bids and receive new proposals.

2384 The board shall authorize any corporation licensed to
2385 transact accident and health insurance business in this state
2386 issuing any such contract to reinsure portions of such contract
2387 with any other such corporation which elected to be a reinsurer
2388 and is legally competent to enter into a reinsurance agreement.
2389 The board may designate one or more of such corporations as the
2390 administering corporation or corporations. Each employee who is
2391 covered under any such contract or contracts shall receive a
2392 certificate setting forth the benefits to which the employee is
2393 entitled thereunder, to whom such benefits shall be payable, to
2394 whom claims should be submitted, and summarizing the provisions of
2395 the contract principally affecting the employee. Such certificate
2396 shall be in lieu of the certificate which the corporation or

2397 corporations issuing such contract or contracts would otherwise
2398 issue.

2399 The board may, as of the end of any contract year,
2400 discontinue any contract or contracts it has executed with any
2401 corporation or corporations and replace it or them with a contract
2402 or contracts in any other corporation or corporations meeting the
2403 requirements of this section.

2404 The board may reject any and all bids and contracts under
2405 this section and may elect for the state to become a self-insurer;
2406 however, administration and service of any such self-insured
2407 program may be contracted to a third party by the board.

2408 Any contract with a third party to administer the plan shall
2409 be bid and entered into in accordance with the procedures provided
2410 in Section 25-15-301.

2411 (2) By September 30 of each year, the board shall report to
2412 the Joint Legislative Budget Committee, Senate Insurance
2413 Committee, House Insurance Committee, Senate Education Committee,
2414 House Education Committee and Joint Legislative Committee on
2415 Performance Evaluation and Expenditure Review the condition of the
2416 State and School Employees Life and Health Insurance Plan. Such
2417 report shall contain for the most recently completed fiscal year,
2418 but not be limited to, the following:

2419 (a) The plan's financial condition at the close of the
2420 fiscal year.

2421 (b) The history of yearly claims paid and premiums
2422 received for each premium class, including, but not limited to,
2423 active employees, dependents and retirees.

2424 (c) The history of loss ratios for the active
2425 employees, dependents and retirees premium classes as well as
2426 historical trend of such ratios. For the purposes of this
2427 section, the term "loss ratios" means claims paid by the plan for
2428 each premium class divided by premiums received by the plan for
2429 insurance coverage of the members in that premium class.

2430 (d) Budgetary information, including:
2431 (i) A detailed breakdown of all expenditures of
2432 the plan, administrative and otherwise, for the most recently
2433 completed fiscal year and projected expenditures, administrative
2434 and otherwise, for the current and next fiscal year;
2435 (ii) A schedule of all contracts, administrative
2436 and otherwise, executed for the benefit of the plan during the
2437 most recent completed fiscal year and those executed and
2438 anticipated for the current fiscal year; and
2439 (iii) A description of the processes used by the
2440 board to procure all contracts, administrative and otherwise, as
2441 well as a description of the scope of services to be provided by
2442 each contractor.

2443 Budgetary information shall be provided in a format
2444 designated by the Joint Legislative Budget Committee.

2445 The Joint Legislative Budget Committee, Senate Insurance
2446 Committee, House Insurance Committee, Senate Education Committee,
2447 House Education Committee and Joint Legislative Committee on
2448 Performance Evaluation and Expenditure Review may request
2449 additional information or reports from the board on an as-needed
2450 basis.

2451 (3) Annually, the board shall request, and the Department of
2452 Audit shall conduct, a comprehensive audit of the State and School
2453 Employees Life and Health Insurance Plan. For purposes of this
2454 section, the audit required herein shall be separate and distinct
2455 from any audit prepared in conjunction with the development of the
2456 Comprehensive Annual Financial Report (CAFR).

2457 * * *

2458 **SECTION 16.** Section 25-15-14, Mississippi Code of 1972, is
2459 amended as follows:

2460 * * *

2461 25-15-14. Any elected state or district official who does
2462 not run for reelection or who is defeated before being entitled to

2463 receive a retirement allowance shall be eligible to continue to
2464 participate in the State and School Employees Health Insurance
2465 Plan under the same conditions and coverages for retired
2466 employees.

2467 * * *

2468 **SECTION 17.** Section 25-15-15, Mississippi Code of 1972, is
2469 amended as follows:

2470 * * *

2471 25-15-15. (1) The board is authorized to determine the
2472 manner in which premiums and contributions by the state agencies,
2473 local school districts, colleges, universities, community/junior
2474 colleges and public libraries shall be collected to provide the
2475 self-insured health insurance program for employees as provided
2476 under this article. The state shall provide fifty percent (50%)
2477 of the cost of the above life insurance plan for all active
2478 full-time employees. The state shall provide one hundred percent
2479 (100%) of the cost of the health insurance plan for active
2480 full-time employees initially employed before January 1, 2006.
2481 For active full-time employees initially employed on or after
2482 January 1, 2006, the state shall provide one hundred percent
2483 (100%) of the cost of a basic level of health insurance and the
2484 employees may pay additional amounts to purchase additional
2485 benefits or levels of coverage offered under the plan. All active
2486 full-time employees shall be given the opportunity to purchase
2487 coverage for their eligible dependents with the premiums for such
2488 dependent coverage, as well as the employee's fifty percent (50%)
2489 share for his life insurance coverage, to be deductible from the
2490 employee's salary by the agency, department or institution head,
2491 which deductions, together with the fifty percent (50%) share of
2492 such life insurance premiums of such employing agency, department
2493 or institution head from funds appropriated to or authorized to be
2494 expended by the employing agency, department or institution head,
2495 shall be deposited directly into a depository bank or special fund

2496 in the State Treasury, as determined by the board. These funds
2497 and interest earned on these funds may be used for the
2498 disbursement of claims and shall be exempt from the appropriation
2499 process.

2500 (2) The state shall provide annually, by line item in the
2501 Mississippi Library Commission appropriation bill, such funds to
2502 pay one hundred percent (100%) of the cost of health insurance
2503 under the State and School Employees Health Insurance Plan for
2504 full-time library staff members in each public library in
2505 Mississippi initially employed before January 1, 2006. For
2506 full-time library staff members initially employed on or after
2507 January 1, 2006, the state shall provide one hundred percent
2508 (100%) of the cost of a basic level of health insurance under the
2509 State and School Employees Health Insurance Plan and the employees
2510 may pay additional amounts to purchase additional benefits or
2511 levels of coverage offered under the plan. The commission shall
2512 allot to each public library a sufficient amount of those funds
2513 appropriated to pay the costs of insurance for eligible employees.
2514 Any funds so appropriated by line item which are not expended
2515 during the fiscal year for which such funds were appropriated
2516 shall be carried forward for the same purposes during the next
2517 succeeding fiscal year. If any premiums for the health insurance
2518 and/or late charges and interest penalties are not paid by a
2519 public library in a timely manner, as defined by the board, the
2520 Mississippi Library Commission, upon notice by the board, shall
2521 immediately withhold all subsequent disbursements of funds to that
2522 public library.

2523 (3) The state shall annually provide one hundred percent
2524 (100%) of the cost of the health insurance plan for public school
2525 district employees who work no less than twenty (20) hours during
2526 each week and regular nonstudent school bus drivers, if such
2527 employees and school bus drivers were initially employed before
2528 January 1, 2006. For such employees and school bus drivers

2529 initially employed on or after January 1, 2006, the state shall
2530 provide one hundred percent (100%) of the cost of a basic level of
2531 health insurance under the State and School Employees Health
2532 Insurance Plan and the employees may pay additional amounts to
2533 purchase additional benefits or levels of coverage offered under
2534 the plan. Where federal funding is allowable to defray, in full
2535 or in part, the cost of participation in the program by district
2536 employees who work no less than twenty (20) hours during the week
2537 and regular nonstudent bus drivers, whose salaries are paid, in
2538 full or in part, by federal funds, the allowance under this
2539 section shall be reduced to the extent of such federal funding.
2540 Where the use of federal funds is allowable but not available, it
2541 is the intent of the Legislature that school districts contribute
2542 the cost of participation for such employees from local funds,
2543 except that parent fees for child nutrition programs shall not be
2544 increased to cover such cost.

2545 (4) The state shall provide annually, by line item in the
2546 community/junior college appropriation bill, such funds to pay one
2547 hundred percent (100%) of the cost of the health insurance plan
2548 for community/junior college district employees initially employed
2549 before January 1, 2006, who work no less than twenty (20) hours
2550 during each week. For such employees initially employed on or
2551 after January 1, 2006, the state shall provide one hundred percent
2552 (100%) of the cost of a basic level of health insurance under the
2553 State and School Employees Health Insurance Plan and the employees
2554 may pay additional amounts to purchase additional benefits or
2555 levels of coverage offered under the plan.

2556 (5) When the use of federal funding is allowable to defray,
2557 in full or in part, the cost of participation in the insurance
2558 plan by community/junior college district employees who work no
2559 less than twenty (20) hours during each week, whose salaries are
2560 paid, in full or in part, by federal funds, the allowance under
2561 this section shall be reduced to the extent of the federal

2562 funding. Where the use of federal funds is allowable but not
2563 available, it is the intent of the Legislature that
2564 community/junior college districts contribute the cost of
2565 participation for such employees from local funds.

2566 (6) Any community/junior college district may contribute to
2567 the cost of coverage for any district employee from local
2568 community/junior college district funds, and any public school
2569 district may contribute to the cost of coverage for any district
2570 employee from nonminimum program funds. Any part of the cost of
2571 such coverage for participating employees of public school
2572 districts and public community/junior college districts that is
2573 not paid by the state shall be paid by the participating
2574 employees, which shall be deducted from the salaries of the
2575 employees in a manner determined by the board.

2576 (7) Any funds appropriated for the cost of insurance by line
2577 item in the community/junior colleges appropriation bill which are
2578 not expended during the fiscal year for which such funds were
2579 appropriated shall be carried forward for the same purposes during
2580 the next succeeding fiscal year.

2581 (8) The board may establish and enforce late charges and
2582 interest penalties or other penalties for the purpose of requiring
2583 the prompt payment of all premiums for life and health insurance
2584 permitted under Chapter 15 of Title 25. All funds in excess of
2585 the amount needed for disbursement of claims shall be deposited in
2586 a special fund in the State Treasury to be known as the State and
2587 School Employees Insurance Fund. The State Treasurer shall invest
2588 all funds in the State and School Employees Insurance Fund and all
2589 interest earned shall be credited to the State and School
2590 Employees Insurance Fund. Such funds shall be placed with one or
2591 more depositories of the state and invested on the first day such
2592 funds are available for investment in certificates of deposit,
2593 repurchase agreements or in United States Treasury bills or as
2594 otherwise authorized by law for the investment of Public

2595 Employees' Retirement System funds, as long as such investment is
2596 made from competitive offering and at the highest and best market
2597 rate obtainable consistent with any available investment
2598 alternatives; however, such investments shall not be made in
2599 shares of stock, common or preferred, or in any other investments
2600 which would mature more than one (1) year from the date of
2601 investment. The board shall have the authority to draw from this
2602 fund periodically such funds as are necessary to operate the
2603 self-insurance plan or to pay to the insurance carrier the cost of
2604 operation of this plan, it being the purpose to limit the amount
2605 of participation by the state to fifty percent (50%) of the cost
2606 of the life insurance program and not to limit the contracting for
2607 additional benefits where the cost will be paid in full by the
2608 employee. The state shall not share in the cost of coverage for
2609 retired employees.

2610 (9) The board shall also provide for the creation of an
2611 Insurance Reserve Fund and funds therein shall be invested by the
2612 State Treasurer with all interest earned credited to the State and
2613 School Employees Insurance Fund.

2614 (10) Any retired employee electing to purchase retired life
2615 and health insurance will have the full cost of such insurance
2616 deducted monthly from his State of Mississippi retirement plan
2617 check or direct billed for the cost of the premium if the
2618 retirement check is insufficient to pay for the premium. If the
2619 board determines actuarially that the premium paid by the
2620 participating retirees adversely affects the overall cost of the
2621 plan to the state, then the board may impose a premium surcharge,
2622 not to exceed fifteen percent (15%), upon such participating
2623 retired employees who are under the age for Medicare eligibility
2624 and who were initially employed before January 1, 2006. For
2625 participating retired employees who are under the age for Medicare
2626 eligibility and who were initially employed on or after January 1,

2627 2006, the board may impose a premium surcharge in an amount the
2628 board determines actuarially to cover the full cost of insurance.

2629 * * *

2630 **SECTION 18.** Sections 25-11-143 and 25-11-145, Mississippi
2631 Code of 1972, which require the Board of Trustees of the Public
2632 Employees Retirement System to design a plan of health insurance
2633 for all current and future retirees and provide when such plan
2634 shall be implemented, are repealed.

2635 **SECTION 19.** This act shall take effect and be in force from
2636 and after July 1, 2007.