

By: Senator(s) Harden

To: Finance

## SENATE BILL NO. 2182

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

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

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



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

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

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

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



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

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

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

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

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

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

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



106           (a)   (i)   All persons who shall become employees in the  
107 state service after January 31, 1953, and whose wages are subject  
108 to payroll taxes and are lawfully reported on IRS Form W-2, except  
109 those specifically excluded, or as to whom election is provided in  
110 Articles 1 and 3, and those persons who are participating in the  
111 Deferred Retirement Option Program established under Section 1 of  
112 Senate Bill No.       , 2003 Regular Session, shall become members of  
113 the retirement system as a condition of their employment.

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

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



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

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

154 (2) The member shall pay to the retirement system  
155 on the date he or she is eligible for such credit or at any time  
156 thereafter prior to the date of retirement the actuarial cost for  
157 each year of such creditable service. The provisions of this  
158 subparagraph (2) shall be subject to the limitations of Section  
159 415 of the Internal Revenue Code and regulations promulgated  
160 thereunder.

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

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



171           (d) All persons who are employees in the state service  
172 on January 31, 1953, and who are members of any nonfunded  
173 retirement system operated by the State of Mississippi, or any of  
174 its departments or agencies, shall become members of this system  
175 with prior service credit unless, before February 1, 1953, they  
176 shall file a written notice with the board of trustees that they  
177 do not elect to become members.

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

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



204 its employees as of December 1, 1965, may, upon documentation of  
205 extreme financial hardship, have future retirement annuity  
206 coverage cancelled or terminated at the discretion of the board of  
207 trustees. No such plan shall be approved unless:

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

215 (2) It specifies the source or sources from which  
216 the funds necessary to make the payments required by paragraph (d)  
217 of Section 25-11-123 and of paragraph (f)(5)B and C of this  
218 section are expected to be derived and contains reasonable  
219 assurance that such sources will be adequate for such purpose;

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

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

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

235 A. The board of trustees shall not finally  
236 refuse to approve a plan submitted under paragraph (f), and shall



237 not terminate an approved plan without reasonable notice and  
238 opportunity for hearing to each political subdivision or  
239 instrumentality affected thereby. The board's decision in any  
240 such case shall be final, conclusive and binding unless an appeal  
241 be taken by the political subdivision or instrumentality aggrieved  
242 thereby to the Circuit Court of Hinds County, Mississippi, in  
243 accordance with the provisions of law with respect to civil causes  
244 by certiorari.

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

252                   C. Every political subdivision or  
253 instrumentality required to make payments under paragraph (f)(5)B  
254 hereof is authorized, in consideration of the employees' retention  
255 in or entry upon employment after enactment of Articles 1 and 3,  
256 to impose upon its employees, as to services which are covered by  
257 an approved plan, a contribution with respect to wages (as defined  
258 in Section 25-11-5) not exceeding the amount provided in Section  
259 25-11-123(d) if such services constituted employment within the  
260 meaning of Articles 1 and 3, and to deduct the amount of such  
261 contribution from the wages as and when paid. Contributions so  
262 collected shall be paid into the contribution fund as partial  
263 discharge of the liability of such political subdivisions or  
264 instrumentalities under paragraph (f)(5)B hereof. Failure to  
265 deduct such contribution shall not relieve the employee or  
266 employer of liability thereof.

267                   D. Any state agency, school, political  
268 subdivision, instrumentality or any employer that is required to  
269 submit contribution payments or wage reports under any section of





270 this chapter shall be assessed interest on delinquent payments or  
271 wage reports as determined by the board of trustees in accordance  
272 with rules and regulations adopted by the board and such assessed  
273 interest may be recovered by action in a court of competent  
274 jurisdiction against such reporting agency liable therefor or may,  
275 upon due certification of delinquency and at the request of the  
276 board of trustees, be deducted from any other monies payable to  
277 such reporting agency by any department or agency of the state.

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

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

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

297           (i) In the event any member of this system should  
298 change his employment to any agency of the state having an  
299 actuarially funded retirement system, the board of trustees may  
300 authorize the transfer of the member's creditable service and of  
301 the present value of the member's employer's accumulation account  
302 and of the present value of the member's accumulated membership



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

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

317             (j) Wherever herein state employment is referred to, it  
318 shall include joint employment by state and federal agencies of  
319 all kinds.

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



336 credit for such service was made. Such wages shall be verified by  
337 the Social Security Administration or employer payroll records.  
338 Effective July 1, 1998, upon eligibility as noted above, a member  
339 may receive credit for such retroactive service with such  
340 political subdivision or instrumentality provided:

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

346 (2) The member shall pay to the retirement system  
347 on the date he or she is eligible for such credit or at any time  
348 thereafter prior to the date of retirement the actuarial cost for  
349 each year of such creditable service. The provisions of this  
350 subparagraph (2) shall be subject to the limitations of Section  
351 415 of the Internal Revenue Code and regulations promulgated  
352 thereunder.

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

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



369 which has ever been reported to the retirement system, and  
370 requiring the payment of the actuarial cost for such creditable  
371 service, may, at the member's option, be purchased in quarterly  
372 increments as provided above at such time as its purchase is  
373 otherwise allowed.

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

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

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

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

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

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

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

393 **III. TERMINATION OF MEMBERSHIP**

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

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

400 25-11-109. (1) Under such rules and regulations as the  
401 board of trustees shall adopt, each person who becomes a member of



402 this retirement system, as provided in Section 25-11-105, on or  
403 prior to July 1, 1953, or who becomes a member and contributes to  
404 the system for a minimum period of four (4) years, shall receive  
405 credit for all state service rendered before February 1, 1953. To  
406 receive such credit, such member shall file a detailed statement  
407 of all services as an employee rendered by him in the state  
408 service before February 1, 1953. For any member who joined the  
409 system after July 1, 1953, any creditable service for which the  
410 member is not required to make contributions shall not be credited  
411 to the member until the member has contributed to the system for a  
412 minimum period of at least four (4) years.

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



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

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

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

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

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

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



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

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

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

488 (5) Creditable service at retirement, on which the  
489 retirement allowance of a member shall be based, shall consist of  
490 the membership service rendered by him since he last became a  
491 member, and also, if he has a prior service certificate which is  
492 in full force and effect, the amount of the service certified on  
493 his prior service certificate. Creditable service shall not  
494 consist of any service rendered while participating in the  
495 Deferred Retirement Option Program established under Section 1 of  
496 Senate Bill No. \_\_\_\_\_, 2003 Regular Session.

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



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

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





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

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

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

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

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

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



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

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

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

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

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

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

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



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

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

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

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

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

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

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

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



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

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

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



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

668 (2) Pursuant to the Unemployment Compensation Amendments of  
669 1992 (Public Law 102-318 (UCA)), a member or the spouse of a  
670 member who is an eligible beneficiary entitled to a refund under  
671 this section may elect, on a form prescribed by the board under  
672 rules and regulations established by the board, to have an  
673 eligible rollover distribution of accumulated contributions  
674 payable under this section paid directly to an eligible retirement  
675 plan, as defined under applicable federal law, or an individual  
676 retirement account. If the member or the spouse of a member who  
677 is an eligible beneficiary makes such election and specifies the  
678 eligible retirement plan or individual retirement account to which  
679 such distribution is to be paid, the distribution will be made in  
680 the form of a direct trustee-to-trustee transfer to the specified  
681 eligible retirement plan. Flexible rollovers under this  
682 subsection shall not be considered assignments under Section  
683 25-11-129.

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



698 shall again receive credit for the period of creditable service  
699 for which full repayment has been made to the system.

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

702 25-11-127. (1) (a) No person who is being paid a  
703 retirement allowance or a pension after retirement under this  
704 article shall be employed or paid for any service by the State of  
705 Mississippi, except as provided in this section, unless the person  
706 is a participant in the Deferred Retirement Option Program  
707 established under Section 1 of Senate Bill No. \_\_\_\_\_, 2003 Regular  
708 Session, in which case Section 1 of Senate Bill No. \_\_\_\_\_, 2003  
709 Regular Session, shall also apply.

710 (b) No retiree of this retirement system who is  
711 reemployed or is reelected to office after retirement shall  
712 continue to draw retirement benefits while so reemployed, except  
713 as provided in this section.

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

717 (2) Any person who has been retired under the provisions of  
718 Article 3 and who is later reemployed in service covered by this  
719 article shall cease to receive benefits under this article and  
720 shall again become a contributing member of the retirement system.  
721 When the person retires again, if the reemployment exceeds six (6)  
722 months, the person shall have his or her benefit recomputed,  
723 including service after again becoming a member, provided that the  
724 total retirement allowance paid to the retired member in his or  
725 her previous retirement shall be deducted from the member's  
726 retirement reserve and taken into consideration in recalculating  
727 the retirement allowance under a new option selected.

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



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

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

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

741 To determine the normal working days for a position under  
742 paragraph (a) of this subsection, the employer shall determine the  
743 required number of working days for the position on a full-time  
744 basis and the equivalent number of hours representing the  
745 full-time position. The retiree then may work up to one-half  
746 (1/2) of the required number of working days or up to one-half  
747 (1/2) of the equivalent number of hours and receive up to one-half  
748 (1/2) of the salary for the position. In the case of employment  
749 with multiple employers, the limitation shall equal one-half (1/2)  
750 of the number of days or hours for a single full-time position.

751 Notice shall be given in writing to the executive director,  
752 setting forth the facts upon which the employment is being made,  
753 and the notice shall be given within five (5) days from the date  
754 of employment and also from the date of termination of the  
755 employment.

756 (5) Any member may continue in municipal or county elected  
757 office or be elected to a municipal or county office, provided  
758 that the person:

759 (a) Files annually, in writing, in the office of the  
760 employer and the office of the executive director of the system  
761 before the person takes office or as soon as possible after  
762 retirement, a waiver of all salary or compensation and elects to



763 receive in lieu of that salary or compensation a retirement  
764 allowance as provided in this section, in which event no salary or  
765 compensation shall thereafter be due or payable for those  
766 services; however, any such officer or employee may receive, in  
767 addition to the retirement allowance, office expense allowance,  
768 mileage or travel expense authorized by any statute of the State  
769 of Mississippi; or

770           (b) Elects to receive compensation for that elective  
771 office in an amount not to exceed twenty-five percent (25%) of the  
772 retiree's average compensation. As used in this paragraph, the  
773 term "compensation" shall not include office expense allowance,  
774 mileage or travel expense authorized by a statute of the State of  
775 Mississippi. In order to receive compensation as allowed in this  
776 paragraph, the member shall file annually, in writing, in the  
777 office of the employer and the office of the executive director of  
778 the system, an election to receive, in addition to a retirement  
779 allowance, compensation as allowed in this paragraph.

780           **SECTION 6.** This act shall take effect and be in force from  
781 and after July 1, 2003.

