

Form #3

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WEST VIRGINIA
SECRETARY OF STATE

Authorized Signature _____

SCANNED

34.60



**State of West Virginia
Consolidated Public Retirement Board**

Board Members

Governor Bob Wise
Auditor Glen B. Gainer III, Vice Chairman
Treasurer John D. Perdue
Cabinet Secretary Gregory A. Burton

Capitol Complex, Building 5, Suite 1000
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305-0720
Telephone: 304-558-3570 or 800-654-4406
Fax: 304-558-6337
email: CPRB@wvretirement.com
www.state.wv.us/admin/cprb

Board Members

David L. Wyant, Chairman
F. Douglas Beasley
E. Gene Davis
Carl A. Guthrie
Rebecca A. Jones
William B. McGinley
Rodney A. Miller
Mary Lou Munoz
Jerry A. Weaver
Janet F. Wilson

July 23, 2002

Administrative Law Division
WV Secretary of State
Building 1, Suite 157K
State Capitol Complex
Charleston, West Virginia 25305-0771

Attention: Judy Cooper

Re: Proposed Rule Amendments
Title 162, Series 2, 4, 5, and Proposed New Series 9
WV Consolidated Public Retirement Board

OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

2002 JUL 23 A 10:22

RECEIVED

Dear Ms. Cooper:

I am enclosing herewith one set of the documents which I understand must be filed with the Secretary of State by the West Virginia Consolidated Public Retirement Board in conjunction with the Board's proposal of amendments to the Title 162, Series 2, 4, and 5, and its proposal of a new Series 9 set of legislative rules. I am also enclosing fifteen (15) copies of the same for the Legislative Rule Making Review Committee.

Thank you for your assistance and cooperation in this matter. Should you have any questions, please let me know.

Sincerely,

Karen S. Copeland
Asst. Benefits Manager

Enclosures

c: J. Michael Adkins
Teresa Robertson
Susan B. Saxe

QUESTIONNAIRE

(Please include a copy of this form with each filing of your rule: Notice of Public Hearing or Comment Period; Proposed Rule, and if needed, Emergency and Modified Rule.)

DATE: July 23, 2002

TO: **LEGISLATIVE RULE-MAKING REVIEW COMMITTEE**

FROM: **West Virginia Consolidated Public Retirement Board
State Capitol Complex
Building 5, Room 1000
1900 Kanawha Boulevard, East
Charleston, WV 25305**

LEGISLATIVE RULE TITLE: Title 162, Series 5; Public Employees Retirement System

1. Authorizing statute(s) citation: W. Va. Code § 5-10D-1
2. a. Date filed in State Register with Notice of Hearing or Public Comment Period:
April 19, 2002

-
- b. What other notice, including advertising, did you give of the hearing?

Written notice, along with a copy of the proposed rule amendments, was forwarded to the Director of the WV Association of Counties, the Director of the WV Municipal League, and to the President of the PERSA for review and circulation to their potentially interested members. Copies were also provided to the Chairs of the House and Senate Committees on Pension and Retirements.

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- c. Date of Public Hearing(s) *or* Public Comment Period ended: June 14, 2002
- d. Attach list of persons who appeared at hearing, comments received, amendments, reasons for amendments.

Attached _____ No comments received X

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-
- e. Date you filed in State Register the agency approved proposed Legislative Rule following public hearing: (be exact)

July 23, 2002

-
-
-
-
- f. **Name, title, address and phone/fax/e-mail numbers** of agency person(s) to receive all *written correspondence* regarding this rule: (Please type)

J. Michael Adkins, Interim Co-Executive Director
WV Consolidated Public Retirement Board
State Capitol Complex
Building 5, Room 1000
1900 Kanawha Boulevard, East
Charleston, WV 25305
(304) 558-3570
(304) 558-1395 (fax)
madkins@gwmail.state.wv.us

- g. **IF DIFFERENT FROM ITEM 'f', please give Name, title, address and phone number(s) of agency person(s) who wrote and/or has responsibility for the contents of this rule: (Please type)**

Karen S. Copeland, Asst. Benefits Manager
WV Consolidated Public Retirement Board
State Capitol Complex
Building 5, Room 1000
1900 Kanawha Boulevard, East
Charleston, WV 25305
(304) 558-3570
(304) 558-1395 (fax)
kcopeland@gwmail.state.wv.us

3. If the statute under which you promulgated the submitted rules requires certain findings and determinations to be made as a condition precedent to their promulgation:
- a. Give the date upon which you filed in the State Register a notice of the time and place of a hearing for the taking of evidence and a general description of the issues to be decided.
 - b. Date of hearing or comment period:
 - c. On what date did you file in the State Register the findings and determinations required together with the reasons therefor?
 - d. Attach findings and determinations and reasons:

State of West Virginia
Consolidated Public Retirement Board

Capitol Complex, Building 5, Room 1000, Charleston, West Virginia 25305-0720

Telephone: 304-558-3570 or 800-654-4406 Fax: 304-558-6337

BRIEF SUMMARY OF PROPOSED AMENDMENT TO TITLE 162, SERIES 5

The West Virginia Consolidated Public Retirement Board ("Board"), as administrator of the State's several pension plans, proposes amendatory revisions to WVCSR § 162-5-7 in order to delete an obsolete provision of the rule; and to sections WVCSR § 162-5-23 and § 162-5-29 in order to provide reference to current applicable reinstatement interest factors set forth in WVCSR § 162-7-4. Other non-substantial changes are also proposed.

State of West Virginia
Consolidated Public Retirement Board

Capitol Complex, Building 5, Room 1000, Charleston, West Virginia 25305-0720
Telephone: 304-558-3570 or 800-654-4406 Fax: 304-558-6337

STATEMENT OF CIRCUMSTANCES REQUIRING
PROPOSAL AND PROMULGATION OF PROPOSED RULES CHANGES TO SERIES 5
OF TITLE 162 OF THE WV CODE OF STATE REGULATIONS

The Public Employees Retirement System ("PERS") contains provisions which entitle members who have previously withdrawn contributions from the system to repay the withdrawn contributions plus interest. Currently, Series 5 of Title 162 provides for a fixed interest rate, four percent (4%) per annum, that is applicable to reinstatement requests for plan years through June 30, 2000. The rate of interest applicable to reinstatement requests for each plan year after June 30, 2000 shall be based upon the Moody's Average Corporate Bond Yield as of the December 31st immediately preceding the first day of the plan year in which the reinstatement request is made, compounded per annum.

The rule referenced in WVCSR § 162-5-7 is an obsolete provision and should be stricken from the rules to avoid future confusion. Other non-substantial changes are also proposed.

APPENDIX B
FISCAL NOTE FOR PROPOSED RULES

Rule Title: Title 162 (Series 5) Public Employees Retirement System

Type of Rule: X Legislative Interpretive Procedural

Agency: The State of West Virginia Consolidated Public Retirement Board

Address: 1900 Kanawha Boulevard, East, Building 5, Room 1000, Capitol Complex
 Charleston, West Virginia 25305

1. Effect of Proposed rule:

	ANNUAL		FISCAL YEAR		
	INCREASE	DECREASE	CURRENT	NEXT	THEREAFTER
ESTIMATED TOTAL COST		Margin based on activity			
PERSONAL SERVICES					
CURRENT EXPENSE					
REPAIRS & ALTERATIONS					
EQUIPMENT					
OTHER					

2. Explanation of Above Estimates:

The rule changes replace the fixed 4% interest charge for member contribution repayments with one tied to the Moody's Average Corporate Bond Rate. Since the new rate has historically outperformed 4%, the additional interest based on the return margin for each repayment will increase the interest amount being paid to the Plan. The current 4% and the historical new rate both result in losses to PERS based upon the actuarial assumed rate of return. The rule change reduces that loss.

3. Objectives of These Rules:

To increase the interest charges for member contribution repayments to an interest rate more consistent with the current interest rate marketplace.

Rule Title: Title 162 (Series 5) Public Employees Retirement System

4. Explanation of Overall Economic Impact of Proposed Rule:

A. Economic Impact on State Government:

Marginal long term PERS cost savings based on actual member contribution repayments.

B. Economic Impact on Political Subdivisions; Specific Industries; Specific Groups of Citizens:

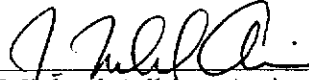
Marginal long term PERS cost savings based on actual member contribution repayments.

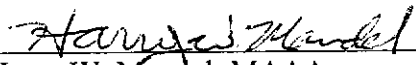
C. Economic Impact on Citizens/Public at Large:

None.

Date: April 12, 2002

Signature of Agency Head and/or Authorized Representative:


Michael Adkins, Acting Executive Director


Harry W. Mandel, MAAA

TITLE 162
LEGISLATIVE RULE
CONSOLIDATED PUBLIC RETIREMENT BOARD

SERIES 5
PUBLIC EMPLOYEES RETIREMENT SYSTEM

FILED

2002 JUL 23 A 10:22

WEST VIRGINIA
SECRETARY OF STATE

§162-5-1. General.

1.1. Scope. -- This rule establishes the eligibility for membership in the Public Employees Retirement System.

1.2. Authority. -- W. Va. Code §5-10D-1.

1.3. Filing Date. --

1.4. Effective Date. --

§162-5-2. Definitions.

2.1. Board. -- The West Virginia Consolidated Public Retirement Board.

2.2. Retirement System. -- The West Virginia Public Employees Retirement System.

2.3. Full time Employment -- Employment of an employee by a participating public employer in a position which normally requires twelve (12) months per year service and/or requires at least one thousand forty (1,040) hours per year service in that position.

2.4. Insurable Interest -- Insurable Interest shall be construed as being an interest that arises from the ties of blood or marriage to the member as will justify a reasonable expectation or advantage or benefit from the continuance of his or her life, or that relationship where a person has a legal claim on the member for service or support from the personal relationship between them, and where he or she has a reasonable right to expect some pecuniary advantage from the continuance of the life of the member.

§162-5-3. Interest.

For the purpose of calculating interest to the members deposit fund, interest is four percent (4%) per annum computed annually.

§162-5-4. Service Credit.

4.1. In crediting service to member employees, paid on a salary basis:

4.1.1. A day of service shall mean a day in which an employee works or has worked four (4) or more hours for the state or other participating employer with pay.

4.1.2. The Board shall credit a member with a calendar month of service for any calendar month in which the member received one-half or more of the member's normal monthly salary. For any calendar month in which the member received less than one-half of his or her normal monthly salary, no service credit shall be credited to the member in that calendar month.

4.1.3. The Board shall credit ten (10) or more months of credited service in a calendar year as a calendar year's service.

4.2. The Board shall credit any employee hired and paid by a participating employer on an hourly basis with one month's contributing service for each one hundred twenty (120) hours of work paid by his or her employer in a calendar year.

4.3. Employees of a participating employer who work regularly twelve (12) days or more in a calendar month, and otherwise meet eligibility for membership, shall be members of the Retirement System.

§162-5-5. Final Average Salary.

5.1. In computing a member's final average salary, the Board shall follow the following procedure:

No compensation shall be considered for any period for which service is not credited;

5.1.1. The ten (10) years of credited service immediately preceding the date of the member's employment with a participating public employer last terminated is the one hundred nineteen (119) months of service preceding the last month before retirement;

5.1.2. The three (3) consecutive years of service for which the member's compensation was the highest is the highest aggregate of his or her compensation for the thirty-six (36) consecutive months of service contained within the one hundred nineteen (119) months of service, plus the last month of service determined in Subsection 5.1.b. of this Rule;

5.1.3. The member's final average salary shall be one-third (1/3) of the aggregate salary determined in Subsection 5.1.2. of this Rule; and

5.1.4. Only compensation paid by county courts and the State of West Virginia shall be used to determine final average salary for court reporters.

§162-5-6. Refund of Erroneous Contributions.

The State Auditor and State Treasurer may refund from the funds of the Retirement System any erroneous contributions made to the System upon proper transmittals by the executive secretary director. The executive secretary director shall request the refund after he or she has received from the executive officer of the payroll records of a participating public employer the reason for making the erroneous contributions, the amount of the erroneous contributions, and to whom the refund is payable.

§162-5-7. Expense Fund: Reserved.

~~Participating public employers other than the departments of the State of West Virginia operating from the general revenue fund and the general school fund appropriations, as provided in the budget, shall pay to the expense fund the sum of five dollars (\$5.00) per year, for each employee member, retirant and beneficiary receiving benefits. The payment is due at the time the employee of the public employer joins the System and is payable upon a statement from the Board. The Board shall not pro-rate the contributions in~~

~~the event a member terminates his or her membership in the System or a retirant or beneficiary ceases to receive benefits before the completion of a year's membership or retirement benefits.~~

§162-5-8. Verification of Prior Service.

8.1. The Board shall accept a certificate from the executive office or the payroll records of the employer as evidence of service prior to July 1, 1961, and as evidence of the date the public employer elected to become a member of the Retirement System.

8.2. The certificate and affidavits submitted by the employer shall show the member's full name (no initials), the name of the employer and the exact dates of the prior service.

8.3. Copies of W-2 Forms furnished an employee, bona fide copies of Internal Revenue Tax Returns, or records of Health, Education and Human Services or Internal Revenue Service which show gross earnings and the employee's and the employer's name shall be considered sufficient evidence of prior service.

8.4. In the event a member employee cannot obtain the certificate specified in subsections 8.1. and 8.2. of this Rule, the Board may grant prior service credit to the member employee furnishing two (2) affidavits to the Retirement System from two (2) credible persons who worked with the member employee during the periods stated or who had personal knowledge of the employment.

§162-5-9. Employer Contributions.

Each participating public employer shall contribute nine and five-tenths percent (9.5%) of each compensation payment of all its employees who are members of the Public Employees Retirement System. The sums are due the Public Employees Retirement System at the end of each calendar month in arrears and shall be paid not later than five (5) days following the end of the calendar month. Each remittance shall be accompanied by a detailed summary of the sums withheld from the compensation of each member and the credited service each employee was entitled to for that month, on forms provided by

the Public Employees Retirement System for that purpose.

§162-5-10. Employee Contributions.

All participating public employers shall withhold four and five-tenths percent (4.5%) from the gross compensation of each member. The sums withheld each calendar month are due the Retirement System at the end of each calendar month and shall be paid not later than five (5) days following the end of each calendar month. Each remittance shall be made by check separate from the employer remittance and shall be made payable to the West Virginia Public Employees Retirement System. Each remittance shall be accompanied by a detailed summary of the sums withheld from the compensation of each employee and the credited service each employee was entitled to for that month, on forms provided by the Retirement System for that purpose. The Board may accept reports from agencies based on the same format as the Public Employees Retirement System.

§162-5-11. Public Corporations.

In order to be accepted for membership by the Board as a participating public employer, any separate corporation or instrumentality established by one or more counties, cities or towns, or any corporation or instrumentality supported in most part by counties, cities or towns, which by a three-fifths (3/5) majority vote of its governing body elects to join the Retirement System, the public corporation or instrumentality must shall pass a resolution whereby it would allow the entity from which it derives its funds to deduct from its appropriations any sums the Board finds are subsequently delinquent, and for the entity to pay the delinquent funds to the Board. In the event the entity fails to pay the delinquent funds, then the Consolidated Public Retirement Board may collect the delinquent funds, as provided in W. Va. Code §5-10-33.

§162-5-12. Annuity Payment Age.

For the purpose of calculating annuity benefits, the Board shall use the age at the nearest birthday to the effective date of retirement of the member, retirant or beneficiary.

§162-5-13. Prior Service on Reemployment.

The Board shall credit each member of the Retirement System with prior service before July 1, 1961 if that member was in the employ of the State of West Virginia or other participating public employer within a period of thirty (30) years immediately preceding the date the State or other participating public employer became a participating public employer: Provided, however, That the member was reemployed after July 1, 1961 by a participating public employer or the State of West Virginia within fifteen (15) years subsequent to the date that the participating public employer elected to become a participating employer in order to receive the prior service credit with no contributions required. If the member was reemployed after July 1, 1961, by a participating public employer or the State of West Virginia later than fifteen (15) years subsequent to the date the participating public employer elected to become a participating employer, the member may purchase the prior service.

§162-5-14. Employee Membership in Retirement System.

14.1. Employees of boards of education, colleges or universities. -- Any employee or person whose salary or compensation is paid in whole, or substantially in part, by any college, university, county board of education, State Department of Education, State Board of Education or State Teachers Retirement System is not entitled to membership in the West Virginia Public Employees Retirement System while so employed in that capacity.

14.2. Employees of cooperative associations under direction of the Department of Agriculture. -- Employees of cooperative associations under the supervision of the Department of Agriculture, whose compensation is payable by the cooperative association are not entitled to membership in the Retirement System for such that employment.

14.3. Registrars of Division of Vital Statistics. -- Those employees of counties furnishing statistical information to the Department of Health and Human Services whose job is considered full time, or whose position is considered one which normally requires twelve

(12) months of service and at least one thousand forty (1,040) hours per year service in that position, shall become members of the Retirement System.

14.4. Deputy Commissioners of Delinquent and Forfeited Lands. -- The various Deputy Commissioners for Delinquent and Forfeited Lands, by reason of that appointment are not entitled to membership in the Retirement System for that employment.

14.5. Other retirement system membership. -- Any employee of a participating employer who is eligible for membership in another retirement system of a political body is not eligible for membership in the West Virginia Public Employees Retirement System.

§162-5-15. Participating After July 1, 1961.

Members of any participating employer, including, but not limited to, hourly employees of the State Division of Highways who were eligible to participate July 1, 1961, shall not receive service credit during the period July 1, 1961, until the date on which the member employee actually commenced participation by contribution to the Retirement System; however, during that period they shall be considered to be members of the Retirement System for all other purposes.

§162-5-16. Employer Termination of Membership.

Once an employer, whether a municipality, county or public corporation, elects to participate in the Retirement System, the action of the municipality, county or public corporation is final and it may not, at a later date, elect to terminate its participation in the Retirement System.

§162-5-17. Approval of Applications for Voluntary Retirement and Death Annuities by Executive Secretary Director.

17.1. The State Auditor and State Treasurer may pay continuing monthly annuities to retirants, beneficiaries of retirants and beneficiaries of deceased members, after the executive ~~secretary~~ director has.

17.1.1. Approved the date of birth of the member, retirant or beneficiary;

17.1.2. Approved the prior and contributing service the member is entitled to;

17.1.3. Approved the date of the death of a member in the event of his or her death;

17.1.4. Complied with the other provisions of this Rule; and

17.1.5. Submitted the proper transmittals to the Department of Administration.

§162-5-18. Reinstatement Interest.

If a former member of the Retirement System is reinstated under W. Va. Code §5-10-18, the Board shall deposit the payment of regular interest on his or her refund to the member's deposit fund and shall credit the member's individual account.

§162-5-19. Reduction of Annuities on Request of Retirant.

A retirant is not entitled to elect a reduced annuity except as provided for in W. Va. Code §5-10-24.

§162-5-20. Time of Application for Filing for Benefits.

Any employee or former employee of a participating employer who files his or her application for benefits and who may become eligible for benefits or who was eligible for benefits upon terminating his or her employment, and files his or her application for benefits within one year after becoming otherwise eligible to receive retirement benefits, shall receive benefits accumulated, as otherwise provided for in W. Va. Code §5-10 et seq., commencing the end of the month following the month after he or she was last on the payroll of a participating employer. Notwithstanding anything in this rule to the contrary, distributions shall be made in accordance with the provisions of W. Va. Code §5-10-27b.

§162-5-21. Military Service Credit.

Credit for military service shall be made in accordance with the provisions of W. Va. Code §5-10-15. Any member applying for retirement benefits who is claiming service credit pursuant to W. Va. Code §5-10-15 shall present to the Retirement System an original or copy of his or her discharge from the service or other appropriate documents required by the Board to comply with the provisions of W. Va. Code §5-10-15.

§162-5-22. Refunds of Contributions Where an Annuity May Be Payable.

Any member of the Retirement System who terminates employment after attaining age sixty (60) and who has five (5) or more years credit service, three (3) years or more of which was contributing service, and is otherwise entitled to an annuity payable from the Retirement System, is not eligible for a refund of contributions made to the Retirement System, but, in lieu therefore, is entitled to a monthly annuity payable pursuant to W. Va. Code §5-10-20. However, any member of the Retirement System who terminates employment before attaining age sixty (60), even though he or she may be entitled to deferred benefits, may be entitled to a refund of contributions upon written application filed with the Retirement System.

§162-5-23. Early Retirement.

23.1. Any member who was a member of the Retirement System prior to June 30, 1986 who hereafter or heretofore acquires ten (10) years or more of credited service with the Retirement System, three (3) years or more of which are contributing service, and has terminated his or her employment after attaining age fifty-five (55), but before attaining age sixty (60) may be entitled to an annuity pursuant to W. Va. Code §5-10-21: Provided, That the member makes application for retirement on or before he or she attains age sixty-two (62): Provided further, That the member has not withdrawn his or her contributions made to the System or that the member redeposits what withdrawals he or she may have withdrawn plus four percent (4%) interest as provided for in WVCSR §162-7-4, et. seq. per annum thereon. All funds must be repaid while a member is an active participant.

23.2. Recalculation of early retirement factor after reemployment period. -- The Board shall treat any member who retires early pursuant to W. Va. Code §5-10-21, and is subsequently reemployed by a participating employer of the System, and who again retires, for purposes of the determination of the newly applicable early retirement factor, as if he or she were retiring at an age calculated by adding to this original early retirement age the number of years and months during which he or she was reemployed. In the event that the artificially determined age exceeds sixty (60), the Board shall not make any reduction for early retirement.

§162-5-24. Employer Participation After a Former Employee Has Retired.

If a retirant was employed by a non-participating agency, which subsequently elects to become a participating agency, the executive secretary director may recalculate the member's file and give the member additional benefits effective the date the employer came into the Retirement System: Provided, That the Board can properly verify the previous employment and that the employment was prior to July 1, 1961.

§162-5-25. Temporary Employment Retirants.

Any former member of the Retirement System drawing an annuity may accept temporary employment with a participating employer: Provided, That his or her compensation does not exceed the limitation established by W. Va. Code §5-10-48. The earnings received in the calendar year as limited by that section, regardless of over what period, is the controlling factor for suspension of the annuity for the balance of the calendar year.

§162-5-26. Member Receiving Workers' Compensation.

Any member of the Retirement System who is injured or suffers a disease growing out of the course of his or her employment and who is receiving Workers' Compensation benefits shall receive credited service toward his or her retirement: Provided, That the member returns to employment with a participating employer upon

recovery of his or her injury or disease.

§162-5-27. Deputy Assessors - Service Credit.

Deputy assessors shall receive credited service for actual time for which they are compensated, however, final average salary shall be based upon their annual compensation.

§162-5-28. Officers of the Department of Public Safety and Municipal Police or Fire Department.

Any member of the Retirement System who served as an officer of the Division of Public Safety or a municipal fire or police department and is not receiving an annuity from that system, may be granted prior service credit if he or she is otherwise entitled to the credit.

§162-5-29. Repayment of Withdrawals.

Any former member of the Retirement System who withdrew his or her contributions and who is reemployed by a participating employer may repay his or her withdrawals over a three (3) year period, together with four percent (4%) interest as provided for in WVCSR §162-7-4, et. seq., if repayment in a lump sum will work a hardship. The individual shall be a contributing member for a full year before any repayment of funds are allowed and all funds must be repaid within five (5) years of reemployment.

§162-5-30. Refunds of Contributions Upon Accepting Employment With a Different Participating Employer.

Any member who terminates his or her employment with a participating employer and who shortly hereafter accepts employment with another participating employer is not entitled to a refund of contributions made to the Retirement System.

§162-5-31. Employee and Employer Contributions When an Employee is on Annual Leave or Compensated Sick Leave.

The employee and employer shall make regular contributions to the Retirement System, notwithstanding the fact that the employee is

drawing compensation for annual or sick leave.

§162-5-32. Insurance Premiums.

The Board shall not consider premiums paid by a participating employer for group life insurance or group health and accident insurance on its employees as compensation for retirement purposes.

§162-5-33. Elected Officials of the Legislature.

Elected clerks, sergeants at arms and doorkeepers of the Legislature shall receive one year's service credit with the Retirement System for each year served.

§162-5-34. Refunds of Member Contributions When Made.

Members of the West Virginia Public Employees Retirement System who terminate their employment with a participating employer without an annuity payable are entitled to a refund of their contributions made to the Retirement System thirty (30) days after they have last appeared on an official payroll of the State of West Virginia or other participating employer, following the filing of a report from the employee's payroll office.

§162-5-35. Temporary Employment for Retirants Defined.

Any retirant who accepts employment for a relatively short period (in the case of a state employee, not more than ninety (90) consecutive days) and who is not considered in any way a permanent or regular employee is a temporary employee within the meaning of W. Va. Code §5-10-2 and the employee shall not be a member of the Retirement System.