

"AN ACT TO AMEND SECTION 5 OF ACT 666 OF 1973, AS AMENDED [ARK. STAT 12-2511.6] AND SUBSECTION 5 OF SECTION 5 OF ACT 793 OF 1977, AS AMENDED [ARK. STAT. 12-3305(5.05)] TO CLARIFY THE METHOD OF COMPUTING COST-OF-LIVING INCREASE TO RETIRANTS OF THE PUBLIC EMPLOYEES RETIREMENT SYSTEM; AND FOR OTHER PURPOSES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Section 5 of Act 666 of 1973, as amended, the same being Arkansas Statute 12-2511.6, is hereby amended to read as follows:

"Section 5. (a) (1) Effective July 1, 1987, each July first the System shall redetermine the amount of each monthly benefit which has been payable by the System for at least twelve (12) full calendar months, and such redetermined amount shall be payable for the following twelve (12) calendar months.

(2) Subject to the maximum stated in the next sentence, such redetermined amount shall be the amount of the benefit otherwise payable multiplied by the following per cent: 100.0 percent, plus 1.5 percent for each full year (excluding any fraction of a year) in the period to the current July first from the later of the effective date of the benefit or July 1, 1973.

Effective July 1, 1979, such redetermined amount shall be the amount of the benefit otherwise payable multiplied by the following percent: 100.0 percent, plus 3.0 percent for each full year (excluding any fraction of a year) in the period from and after July 1, 1979.

(3) In no event shall such redetermined amount (i) be less than the amount of the benefit otherwise payable nor (ii) be more than the amount of the benefit otherwise payable multiplied by the following fraction: the numerator shall be the average of the consumer price index of the twelve (12) calendar months in the calendar year immediately preceding such July first (but in no event an amount less than the denominator below) and; the denominator shall be the average of the consumer price index for the twelve (12) calendar months in the later of the calendar year immediately preceding the effective date of the benefit or calendar year 1972. 'The amount of the benefit otherwise payable' means the monthly amount of benefit which would be payable disregarding the provisions of this Section redetermining benefit amounts after retirement.

(b) As used herein, 'inflation index' means the Consumer Price Index for All Urban Consumers, as determined by the United States Department of Labor and in effect January 1, 1987; provided, should such inflation index be restructured subsequent to 1986 in a manner materially changing its character, the board after receiving the advice of the actuary shall change the application of the inflation index so that as far as is practicable the 1986 intent of the use of the inflation index shall be continued."

SECTION 2. Subsection 5 of Section 5 of Act 793 of 1977, as amended, the same being Arkansas Statute 12-3305(5.05), is hereby amended to read as follows:

"5.05 (a) (1) Effective July 1, 1987, each July first the System shall redetermine the amount of each monthly benefit which has been payable by the System for at least twelve (12) full calendar months, and such redetermined amount shall be payable for the following twelve (12) calendar months.

(2) Subject to the maximum stated in the next sentence, such redetermined amount shall be the amount of the benefit otherwise payable multiplied

by the following percent: 100.0 percent, plus 3 percent for each full year (excluding any fraction of a year) in the period from the effective date of the benefit to the current July first.

(3) In no event shall such redetermined amount (i) be less than the amount of the benefit otherwise payable nor (ii) be more than the amount of the benefit otherwise payable multiplied by the following fraction: the numerator shall be the consumer price index for the December immediately preceding such July first (but in no event an amount less than the denominator below) and; the denominator shall be the consumer price index for the December in the calendar year immediately preceding the effective date of the benefit. 'The amount of the benefit otherwise payable' means the monthly amount of benefit which would be payable disregarding these provisions redetermining benefit amounts after retirement.

(b) As used herein, 'inflation index' means the Consumer Price Index for All Urban Consumers, as determined by the United States Department of Labor and in effect January 1, 1987; provided, should such inflation index be restructured subsequent to 1986 in a manner materially changing its character, the board after receiving the advice of the actuary shall change the application of the inflation index so that as far as is practicable the 1986 intent of the use of the inflation index shall be continued."

SECTION 3. All laws and parts of laws in conflict with this Act are hereby repealed.

APPROVED: 3/31/87

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