

Act 160 of the 1989 Regular Session.

Act 160

HB1406

By: Representative McGinnis

"AN ACT TO AMEND TITLE 24, CHAPTER 3, SUBCHAPTER 3 AND CHAPTER 4, SUBCHAPTER 1 OF THE ARKANSAS CODE OF 1987 TO CLARIFY RESTORATION OF CREDITED SERVICE PREVIOUSLY FORFEITED AND TO CLARIFY "AVERAGE COMPENSATION" AND TO PROVIDE FOR USE OF COMPENSATIONS EARNED DURING THE LAST FRACTION OF A YEAR; AND FOR OTHER PURPOSES."

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

SECTION 1. Arkansas Code 24-3-302(a) is hereby amended to read as follows:

"(a) (1) When a member is no longer employed in a position covered by a named plan, he shall thereupon cease to be a member. Except as otherwise provided in this chapter, upon termination of his membership, a member's credited service is forfeited.

(2) If the person is not a retirant and becomes reemployed in a position covered by a named plan, he shall become a member of the named plan and his credited service which did not require member contributions, and then was forfeited by him at termination of covered employment, shall be restored to his credit."

SECTION 2. Arkansas Code 24-4-304(b) is hereby amended to read as follows:

"(b) In the event the person again becomes an employee of a participating public employer, he shall again become a member of the system. His credited service which required member contributions, and then was forfeited by him at termination of covered employment, shall be restored to his credit if he returns to the members deposit account the amounts he may have withdrawn therefrom, together with regular interest from the date of withdrawal to the date of repayment, which repayment shall be made according to such rules and regulations as the board shall adopt. His credited service which did not require member contributions, and then was forfeited by him at termination of covered employment, shall be restored to his credit."

SECTION 3. Arkansas Code 24-4-101(17) (A) is hereby amended to read as follows:

"(A) 'Average Compensation' means the average of the highest annual compensations paid a member during any period of five (5) years of credited service with a public employer. Such five (5) year average shall be the greatest of the following:

(i) one-fifth (1/5) of the following: the total of highest compensations paid during the four (4) completed fiscal years when added to the total fifth highest compensation paid during the completed fiscal year; or

(ii) one-fifth (1/5) of the following: the total of highest compensations paid during the four (4) completed fiscal years added to the total of the compensation paid for the months of credited service within the incomplete fiscal year in which the member retires (provided there are some) and the total fifth highest compensation paid during the completed fiscal year which has been multiplied by the number of months remaining in

the fiscal year in which retirement occurs and divided by twelve (12).

Should said member have less than five (5) years of credited service, 'average compensation' means the annual average compensations to him during his total years of credited service."

SECTION 4. All provisions of this act of a general and permanent nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.

SECTION 5. All laws and parts of laws in conflict with this act are hereby repealed.

SECTION 6. EMERGENCY. It is hereby found and determined by the General Assembly that the present law is not clear in its meaning and could result in inequities; and that this should be remedied immediately. Therefore, an emergency is hereby declared to exist and this act being necessary for the preservation of the public peace, health and safety shall be in full force and effect from and after its passage and approval.

APPROVED: February 21, 1989

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