

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.  
**Act 1022 of the Regular Session**

1 State of Arkansas  
2 85th General Assembly  
3 Regular Session, 2005  
4

# A Bill

SENATE BILL 67

5 By: Senator Faris  
6  
7

## For An Act To Be Entitled

9 AN ACT TO AMEND THE ARKANSAS DISTRICT JUDGE  
10 RETIREMENT SYSTEM; AND FOR OTHER PURPOSES.  
11

### Subtitle

12 TO AMEND THE ARKANSAS DISTRICT JUDGE  
13 RETIREMENT SYSTEM.  
14  
15  
16

17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
18

19 SECTION 1. Arkansas Code § 24-2-401 is amended to read as follows:  
20 24-2-401. Definitions.

21 As used in this subchapter, unless the context otherwise requires:

22 (1) "Deferred retirement option plan" means an option for  
23 retirement under a reciprocal system whereby the retirement system members,  
24 in lieu of terminating employment, can continue with employment with covered  
25 employers and can accept a service retirement benefit pursuant to deferred  
26 retirement option plan provisions in § 24-7-1301 et seq. for the Arkansas  
27 Teacher Retirement System or for any other deferred retirement option plan  
28 which might be created by, or authorized for creation by, law under a  
29 reciprocal system;

30 (2) "Public safety service covered by the Arkansas Public  
31 Employees' Retirement System" means service as a public safety member as  
32 defined in § 24-4-101(34) and by a person who was employed prior to July 1,  
33 1997;

34 (3) "Reciprocal system" means:

35 (A) The Arkansas Teacher Retirement System in operation



1 June 30, 1957, and continued by §§ 24-7-202 - 24-7-205, 24-7-301 - 24-7-305,  
 2 24-7-401 - 24-7-411, 24-7-501, 24-7-502, 24-7-601 - 24-7-604, 24-7-606, 24-7-  
 3 701, 24-7-702, 24-7-704 - 24-7-713, 24-7-715, and 24-7-716;

4 (B) The Arkansas State Highway Employees' Retirement  
 5 System, established by § 24-5-103;

6 (C) The Arkansas Public Employees' Retirement System,  
 7 established by § 24-4-103;

8 (D) The State Police Retirement System, established by §  
 9 24-6-203;

10 (E) The Arkansas Judicial Retirement System, established  
 11 by § 24-8-201 et seq.;

12 (F) The Arkansas District Judge Retirement System,  
 13 established by §§ 24-8-801 - 24-8-824;

14 ~~(F)~~(G) An alternate retirement plan for:

15 (i) A college, university, or the Department of  
 16 Higher Education provided for under § 24-7-801 et seq.; or

17 (ii) A vocational-technical school or the Department  
 18 of Workforce Education provided for under § 24-7-901 et seq.; or

19 ~~(G)~~(H) The Arkansas Local Police and Fire Retirement  
 20 System provided for under § 24-10-101 et seq.; and

21 (4) "State employer" means:

22 (A) The public employer whose employees are covered under:

23 (i) The Arkansas Teacher Retirement System;

24 (ii) The Arkansas State Highway Employees'  
 25 Retirement System;

26 (iii) The Arkansas Public Employees' Retirement  
 27 System; or

28 (iv) The State Police Retirement System;

29 (B) The public employer whose employees are ~~chancery or~~  
 30 circuit court judges, judges of the Arkansas Court of Appeals, and justices  
 31 of the Arkansas Supreme Court, whether elected or appointed to office,  
 32 covered under the Arkansas Judicial Retirement System; ~~or~~

33 (C) The public employer whose employees are district court  
 34 judges, whether elected or appointed to office, covered under the Arkansas  
 35 District Judge Retirement System; or

36 ~~(G)~~(D) A public employer who is:

1 (i) A college, university, or the Department of  
2 Higher Education whose employees are covered by an alternate retirement plan  
3 provided for under § 24-7-801 et seq.; or

4 (ii) A vocational-technical school or the Department  
5 of Workforce Education whose employees are covered by an alternate retirement  
6 plan provided for under § 24-7-901 et seq.

7  
8 SECTION 2. Arkansas Code § 24-2-402(4), pertaining to eligibility for  
9 a deferred annuity from a reciprocal retirement system, is amended to read as  
10 follows:

11 (4)(A) The person's annuity payable by the preceding reciprocal  
12 system shall be upon the basis of the annuity formula of the preceding  
13 reciprocal system, exclusive of any minimum amount at the time the person  
14 begins to receive monthly retirement benefits from that system.

15 (B) The final average compensation to be used to determine  
16 monthly benefits payable to that person shall be that of the reciprocal  
17 system which furnishes the highest final average compensation at the time of  
18 retirement, but each reciprocal system shall use the method of computing  
19 final average compensation stipulated by its law, and compensation in the  
20 Arkansas Judicial Retirement System or the Arkansas District Judge Retirement  
21 System shall not be used to determine final average compensation.

22 (C) Any person retiring on or after July 1, 1982, with  
23 credited service in more than one (1) reciprocal system shall have his or her  
24 benefits recomputed based on the provisions of this section;

25  
26 SECTION 3. Arkansas Code § 24-2-402(8), pertaining to eligibility for  
27 a deferred annuity from a reciprocal retirement system, is amended to read as  
28 follows:

29 (8)(A)(i) If the preceding or succeeding reciprocal system  
30 offers a deferred retirement option plan for its members, both service in the  
31 preceding and the succeeding reciprocal system may be counted to meet the  
32 minimum service credit requirements for benefits under a system's deferred  
33 retirement option plan.

34 (ii) The benefit payable by the preceding reciprocal  
35 system shall be based on the annuity formula of the preceding reciprocal  
36 system, exclusive of any minimum amount at the time the person begins to

1 receive monthly retirement benefits from that system under its deferred  
2 retirement option provisions.

3 (iii) The final average compensation to be used to  
4 determine monthly benefits payable to that person shall be that of the  
5 reciprocal system which furnishes the highest final average compensation at  
6 the time of retirement, but each reciprocal system shall use the method of  
7 computing final average compensation stipulated by its law, and compensation  
8 in the Arkansas Judicial Retirement System or the Arkansas District Judge  
9 Retirement System shall not be used to determine final average compensation.

10 (iv) Any interest credited to the deferred  
11 retirement account will be paid to the member's account under the deferred  
12 retirement option benefit program in effect for that system.

13 (B) The boards of trustees of each preceding or succeeding  
14 system shall promulgate rules and regulations as are necessary to coordinate  
15 their benefits with any system providing a deferred retirement option plan;  
16 and

17  
18 SECTION 4. Arkansas Code § 24-8-802 is amended to read as follows:  
19 24-8-802. Definitions.

20 As used in this subchapter:

21 (1) "Actual service" means service credit beginning January 1,  
22 2005, in the Arkansas District Judge Retirement System;

23 (2) "Average annual salary" means the average of the last three  
24 (3) years' salary ending with the most recent year;

25 (3) "Board" means the Board of Trustees of the Arkansas District  
26 Judge Retirement System;

27 (4) "District judge" means:

28 (A) A district judge in office on December 31, 2004, who  
29 is covered under §§ 24-8-801 – 24-8-824; or

30 (B) A district judge in office on or after January 1,  
31 2005;

32 ~~(4)~~(5) "Municipal judge retirement fund" means a local municipal  
33 judge and clerk retirement fund established by a local government under § 24-  
34 8-301 et seq., § 24-8-401 et seq., or § 24-8-501 et seq.;

35 ~~(5)~~(6) "Purchased service" means service credited for retirement  
36 purposes on or before December 31, 2004, in a municipal judge retirement

1 fund;

2 ~~(6)-(7)~~ "System" means the Arkansas District Judge Retirement  
3 System; and

4 ~~(7)-(8)~~ "Total service" means the sum of actual service and  
5 purchased service.

6

7 SECTION 5. Arkansas Code § 24-8-803 is amended to read as follows:  
8 24-8-803. Board of trustees.

9 (a) The administration and control of the Arkansas District Judge  
10 Retirement System are vested in the Board of Trustees of the Arkansas  
11 District Judge Retirement System.

12 (b)(1) The board shall consist of five (5) members, as follows:

13 (A) Two (2) members shall be appointed by the Arkansas  
14 District Judges Council;

15 (B) Two (2) members shall be appointed by the Governor;  
16 ~~from a list supplied by employers; and~~

17 (i) One (1) member shall be from a list supplied by  
18 municipal employers and compiled by the Arkansas Municipal League; and

19 (ii) One (1) member shall be from a list supplied by  
20 county employers and compiled by the Arkansas Association of Counties; and

21 (C)(i) One (1) member shall be a citizen of the State of  
22 Arkansas appointed by the Governor.

23 (ii) However, the citizen member shall not have  
24 previous service in the judicial system.

25 (2) One (1) of the board members shall be elected by the board  
26 to serve as chair.

27 (3)(A) The members of the board shall serve ~~a term of four (4)~~  
28 ~~years~~ staggered terms.

29 (B) At the board's first regular meeting following the  
30 effective date of this section, the members who are on the board on the  
31 effective date will draw lots to determine the length of terms.

32 (C) The terms will be staggered in the following manner:

33 (i) One (1) member's term will expire December 31,  
34 2005;

35 (ii) One (1) member's term will expire December 31,  
36 2006;

1                    (iii) One (1) member's term will expire December 31,  
 2 2007; and

3                    (iv) Two (2) members will have terms that expire  
 4 December 31, 2008.

5                    (D) Subsequent appointments will be for a term of four (4)  
 6 years, and the members will serve until their successors are appointed and  
 7 qualified.

8                    (E) If a vacancy occurs on the board, the vacancy will be  
 9 filled in the same manner as provided for the initial appointment.

10            (c) The duties of the board are to:

11                    (1) Make all rules and regulations to implement this subchapter;

12                    (2) Provide administrative direction and control of the  
 13 executive director and staff as necessary;

14                    (3) Appoint an actuary or firm of actuaries to be a technical  
 15 advisor to the board on the operation of the system on an actuarial basis;

16                    (4) Assign duties to the actuary to perform; and

17                    (5) Appoint professional investment counsel to be the board's  
 18 investment advisor and money manager.

19            (d) The board shall meet at least one (1) time during a calendar  
 20 quarter and at other times as necessary ~~at the call of the chair.~~

21            (e) The board shall serve without pay but may receive expense  
 22 reimbursement of actual expenses as state employees under § 25-16-902.

23  
 24            SECTION 6. Arkansas Code § 24-8-805 is amended to read as follows:  
 25            24-8-805. Trust fund.

26            (a) In addition to the Arkansas District Judge Retirement System in  
 27 the State Treasury, a bank trust fund or funds may be established and  
 28 maintained in a federally insured depository institution designated by the  
 29 Board of Trustees of the Arkansas District Judge Retirement System.

30            (b) The board shall be the trustee of the funds and adhere to the  
 31 prudent investor rule set forth in §§ 24-2-601 - 24-2-619, as in effect on  
 32 December 31, 2004.

33            ~~(b) The board shall be the trustees of the funds, subject to the other~~  
 34 ~~provisions of this subchapter, and may employ professional investment counsel~~  
 35 ~~with authority to execute transactions.~~

36            ~~(c) The funds of the system shall be invested and reinvested in~~

1 ~~accordance with the following procedures:~~

2 ~~(1) From time to time the board shall formulate the policy to be~~  
 3 ~~followed in future investment activity;~~

4 ~~(2) If the board employs investment counsel with authority to~~  
 5 ~~execute transactions, the counsel or money manager shall have full power to~~  
 6 ~~hold, purchase, sell, assign, transfer, or dispose of any of the moneys or~~  
 7 ~~investments of the system under this subchapter and under the investment~~  
 8 ~~policy of the board;~~

9 ~~(3) At least semiannually the investment counsel shall file with~~  
 10 ~~the board a written report setting forth for the period since its last report~~  
 11 ~~all investments purchased and sold, all receipts and disbursements, and any~~  
 12 ~~other transactions concerning system moneys;~~

13 ~~(4) At each regular meeting, the board shall examine each~~  
 14 ~~written report received from the investment counsel since the last regular~~  
 15 ~~meeting;~~

16 ~~(5) The board may direct a specific investment activity and~~  
 17 ~~shall be fully responsible for the direction; and~~

18 ~~(6) Investment activity shall be subject to the terms,~~  
 19 ~~conditions, limitations, and restrictions imposed by law upon state public~~  
 20 ~~employee retirement plans in the making and disposing of their investments.~~  
 21

22 SECTION 7. Arkansas Code § 24-8-807(c), concerning membership in the  
 23 Arkansas District Judge Retirement System, is amended to read as follows:

24 (c)(1) Any former municipal judge who is eligible to receive a  
 25 retirement benefit for service as municipal judge as provided by law before  
 26 ~~July 16, 2003~~ January 1, 2005, and any former municipal judge who is  
 27 receiving a retirement benefit as provided by law for service as municipal  
 28 judge shall participate on and after January 1, 2005, in the Arkansas  
 29 District Judge Retirement System and have their benefits administered by this  
 30 system.

31 (2) A surviving spouse of a municipal judge who is eligible to  
 32 receive a survivor's benefit as provided by law on December 31, 2004, and any  
 33 surviving spouse of a municipal judge who is receiving a retirement benefit  
 34 as provided by law shall participate on and after January 1, 2005, in the  
 35 Arkansas District Judge Retirement System and have their benefits  
 36 administered by this system.

1  
2 SECTION 8. Arkansas Code § 24-8-808 is amended to read as follows:

3 24-8-808. Contributions - Members - Refund.

4 (a) The contribution of each member of the Arkansas District Judge  
5 Retirement System shall be five percent (5%) of each member's annual salary  
6 for service rendered on or after January 1, 2005.

7 (b) If a district judge ceases to be a member prior to qualifying for  
8 retirement benefits, the judge ~~shall~~ may be refunded all contributions paid  
9 by the judge into the system.

10 (c)(1) For purposes of deferring federal and state income tax and  
11 pursuant to the provisions of 26 U.S.C. § 414(h)(2), as adopted by § 26-51-  
12 414, the government entity that pays the salary of the judge shall pick up  
13 the member's contributions to the system as required by this section and that  
14 are payable on or after January 1, 2005.

15 (2)(A) Member contributions paid by the applicable government  
16 entity shall be paid from the same source of funds used for the payment of  
17 salary to a member.

18 (B) A deduction equal to the amount of the member's  
19 contribution paid by the employer shall be made from each member's salary.

20 (3) For all other purposes, member contributions paid by the  
21 applicable government entity shall be considered member contributions.

22 (d)(1) The Board of Trustees of the Arkansas District Judge Retirement  
23 System shall determine the amount of interest to be paid on members'  
24 contribution balances.

25 (2) The interest rate shall not exceed the assumed rate of  
26 investment return.

27 (e)(1) A member may repay a refund to reestablish service credit with  
28 the Arkansas District Judge Retirement System in the manner prescribed by the  
29 board.

30 (2) The member must repay the amounts that were withdrawn plus  
31 interest at the system's assumed rate of investment return from the date of  
32 withdrawal to the date of repayment.

33  
34 SECTION 9. Arkansas Code § 24-8-809 is amended to read as follows:

35 24-8-809. Contributions - Government entity.

36 (a)(1) As employer, the government entity that pays the salary of a



1 district judge shall make contributions to the Arkansas District Judge  
2 Retirement System as a percent of the salary of the active district judge  
3 based on the most recent actuarial cost report.

4 (2) These contributions will begin January 1, 2005.

5 (b)(1) If any participating public employer fails to file the  
6 retirement report with the system by the date established by the Board of  
7 Trustees of the Arkansas District Judge Retirement System, the system shall  
8 impose a penalty of one hundred fifty dollars (\$150) for each time the report  
9 is late.

10 (2) A statement of the penalty shall be sent to the  
11 participating employer.

12 (3) If the penalty is not received by the last business day of  
13 the month in which the report was due, then the system shall cause the amount  
14 to be transferred from any moneys due the participating public employer from  
15 the Treasurer of State ~~or the Department of Education~~ as provided in § 19-5-  
16 106(a)(5).

17 (c)(1) If any participating public employer fails to remit to the  
18 system moneys that are required by law to be remitted by the date and at the  
19 frequency established by the board, the system shall impose a penalty equal  
20 to the actuarially assumed rate of return on investments of the fund in the  
21 form of interest on an annual basis on the moneys due.

22 (2) The interest penalty is computed on the actual days of  
23 delinquency.

24 (3) The interest penalty is determined by the system on the date  
25 the delinquent funds are received. A statement of the interest due shall be  
26 sent to the participating public employer.

27 (4) If the interest penalty or delinquent moneys are not  
28 received by the system on or before the last business day of the month in  
29 which the moneys were originally due, the system shall cause the sums of  
30 moneys, including interest, to be transferred from any moneys due the  
31 participating public employer from the office of the Treasurer of State as  
32 provided in § 19-5-106(a)(5).

33  
34 SECTION 10. Arkansas Code § 24-8-810(e), pertaining to additional  
35 funding for retirement benefits, is amended to read as follows:

36 (e)(1) The accrued benefit used to determine the accrued liability

1 under this section shall be determined by:

2 (A) Calculating the benefit that the judge would be  
3 eligible to receive on December 31, 2004, as provided by law before July 16,  
4 2003, if the judge were eligible to begin receiving benefits on January 1,  
5 2005; and

6 (B) Multiplying the amount in subdivision (e)(1)(A) of  
7 this section by the number of years of eligible service and then dividing by  
8 the greater of either the number of years of service needed to be eligible to  
9 retire or the current years of eligible service.

10 (2) The service years shall be determined under the law before  
11 ~~July 16, 2003~~ January 1, 2005.

12  
13 SECTION 11. Arkansas Code § 24-4-812 is amended to read as follows:

14 24-8-812. Actual service requirement.

15 (a) Benefits under this subchapter shall be based on actual service in  
16 the Arkansas District Judge Retirement System beginning January 1, 2005.

17 (b)(1) Eligibility for benefits will be based on actual service in the  
18 Arkansas District Judge Retirement System plus the equivalent service  
19 purchased from the Municipal Judge and Clerk Retirement System as of January  
20 1, 2005.

21 (2) This subchapter is not intended to decrease the benefits  
22 earned or increase the eligibility requirements for members who were  
23 participants in a local plan, as authorized by law, prior to January 1, 2005.

24 (3) The benefits earned and those eligibility requirements shall  
25 transfer to the Arkansas District Judge Retirement System.

26 (c) Any laws permitting the purchase of nonvested service or providing  
27 free credited service shall not apply to this subchapter.

28 (d) The provisions of §§ 24-2-501 and 24-2-502, concerning free and  
29 purchased credited service, shall not apply to the Arkansas District Judge  
30 Retirement System.

31  
32 SECTION 12. Arkansas Code § 24-8-816(c), pertaining to retirement and  
33 survivor's benefits, is amended to read as follows:

34 (c)(1) Survivors' benefits shall be fifty percent (50%) of the amount  
35 of the retirement benefits of an active district judge or a judge who has  
36 retired under the provisions of a local plan before January 1, 2005.

1           (2) Upon the death of an active district judge who has served at  
2 least three (3) years, the judge's survivors shall receive a sum equal to  
3 fifty percent (50%) of the retirement benefits provided in subsection (a) of  
4 this section.

5           (3) Survivors' benefits shall be payable as follows:

6           (A) If the deceased judge is survived by a spouse to whom  
7 the judge was married for not less than one (1) year and with whom the judge  
8 was living at the time of death and if the decedent is not survived by any  
9 minor child or children, then the spouse shall draw for life or until  
10 remarriage a sum equal to fifty percent (50%) of the benefits provided in  
11 subsection (a) of this section;

12           (B)(i) If the decedent is survived by both an eligible  
13 spouse and minor children, then one-half (1/2) of the survivors' benefits  
14 shall be paid to the spouse for life or until remarriage.

15           (ii) The other one-half (1/2) of the survivors'  
16 benefits shall be paid to the guardian of the minor children during the  
17 period of minority.

18           (iii) When all of the children cease to be minors,  
19 then the survivors' benefits paid to the minor children shall be paid to the  
20 spouse; ~~and~~

21           (C) If the deceased judge is not survived by an eligible  
22 spouse but is survived by minor children, then the survivors' benefits under  
23 subsection (a) of this section shall be payable to the guardian of the minor  
24 children during the period of minority; and

25           (D) If a surviving spouse who is receiving survivors'  
26 benefits under this section remarries and the benefits are discontinued and  
27 the surviving spouse again becomes unmarried, benefits provided in this  
28 section for the spouse shall be resumed.

29  
30           SECTION 13. Arkansas Code § 24-8-819 is amended to read as follows:  
31           24-8-819. Redetermination of benefits.

32           (a) The provisions of this section shall apply only to benefits  
33 provided for members of the Arkansas District Judge Retirement System for  
34 service rendered after January 1, 2005.

35           (b)(1) Each July 1 the system shall redetermine the amount of each  
36 monthly benefit that has been payable by the system for at least twelve (12)

1 full calendar months.

2 (2) The redetermined amount shall be payable for the following  
3 twelve (12) calendar months.

4 ~~(c) Subject to the maximum stated in subsection (d) of this section,~~  
5 ~~the~~ The redetermined amount shall be the amount of benefit payable as of the  
6 immediately preceding July 1 increased by three percent (3%).

7 ~~(d) In no event shall the redetermined amount be more than the amount~~  
8 ~~of the benefit payable as of the immediately preceding July 1 multiplied by~~  
9 ~~the following fraction:~~

10 ~~(1) The numerator shall be the average of the consumer price~~  
11 ~~index for the twelve (12) calendar months in the calendar year immediately~~  
12 ~~preceding July 1 but in no event an amount less than the denominator; and~~

13 ~~(2) The denominator shall be the average of the consumer price~~  
14 ~~index for the twelve (12) calendar months in the calendar year second~~  
15 ~~preceding the redetermination date.~~

16

17 SECTION 14. Arkansas Code § 24-8-821 is amended to read as follows:

18 24-8-821. Reciprocal system.

19 (a) The Arkansas District Judge Retirement System is a reciprocal  
20 system under §§ 24-2-401 – 24-2-404.

21 (b) There is no reciprocal service with the local municipal judge  
22 retirement systems before ~~July 16, 2003~~ January 1, 2005.

23 (c) In establishing eligibility for a benefit from the system, the  
24 credited service under all reciprocal systems shall be totaled, and the total  
25 credited service shall be used in determining eligibility for a system  
26 benefit.

27 (d) In determining the amount of a benefit from the system, there  
28 shall be used only the credited service under the system and the benefit  
29 formula of the system.

30 (e) Wherever the system provides a benefit amount that is not  
31 dependent on length of credited service, the benefit amount shall be reduced  
32 to the proportion that system-credited service bears to total reciprocal  
33 system-credited service.

34

35 SECTION 15. Arkansas Code Title 24, Chapter 8, Subchapter 8 is amended  
36 to add three additional sections to read as follows:

1           24-8-822. Termination required for retirement.

2           (a) A member of the Arkansas District Judge Retirement System must  
3 terminate covered employment to be eligible for retirement.

4           (b) A member is not terminated from employment for retirement purposes  
5 if the person returns to a position that would otherwise be covered within  
6 thirty (30) days of the person's effective date of retirement.

7           (c) Persons failing to meet termination requirements shall forfeit  
8 their benefits until the requirements are met.

9  
10           24-8-823. Benefit provisions – Subjection of annuity rights to process  
11 of law.

12           (a)(1) The right of a person to an annuity, to the return of  
13 accumulated contributions, the annuity itself, any annuity option, any other  
14 right accrued or accruing under the provisions of §§ 24-8-801 – 24-8-824, and  
15 all moneys belonging to a plan shall not be subject to execution,  
16 garnishment, attachment, the operation of bankruptcy or insolvency laws, or  
17 any other process of law.

18           (2) The rights described in subdivision (a)(1) of this section  
19 shall not be assignable except where a qualified domestic relations order has  
20 been filed, pursuant to §§ 9-18-101 – 9-18-103, or except as specifically  
21 provided in this chapter.

22           (b) An employer shall have the right of setoff for any claim arising  
23 from embezzlement by or fraud of a member, retirant, or beneficiary.

24  
25           24-8-824. Adjustment of erroneous payments.

26           (a)(1) If any change or error in the records of the Arkansas District  
27 Judge Retirement System or any audit of a member's annuity calculations  
28 results in any person receiving more or less than the person is entitled to  
29 receive had the records or the calculations been correct, the Board of  
30 Trustees of the Arkansas District Judge Retirement System shall correct the  
31 error and adjust the payment in accordance with this subchapter so that the  
32 actuarial equivalent of the benefit to which the person was correctly  
33 entitled is paid.

34           (2) However, no monthly adjustment of less than one dollar  
35 (\$1.00) shall be made.

36           (b) If an overpayment is determined, any subsequent payments shall be

1 adjusted to the correct amount.

2 (c) If an underpayment is determined, regardless of the date of the  
3 determination, the system shall pay in a lump sum to the person the total of  
4 any underpayments made prior to the date of determination, and any subsequent  
5 payments shall be adjusted to the correct amount.

6  
7 SECTION 16. Arkansas Code § 24-8-902(d), pertaining to additional  
8 funding for district court clerks, is amended to read as follows:

9 (d)(1) The accrued benefit used to determine the accrued liability  
10 under this section shall be determined by:

11 (A) Calculating the benefit that the court clerk would be  
12 eligible to receive on December 31, 2004, as provided by law before ~~July 16,~~  
13 ~~2003~~ January 1, 2005, if the court clerk were eligible to begin receiving  
14 benefits on January 1, 2005; and

15 (B) Multiplying the amount in subdivision (d)(1)(A) of  
16 this section by the number of years of eligible service and then dividing by  
17 the greater of:

18 (i) The number of years of service needed to be  
19 eligible to retire; or

20 (ii) The current years of eligible service.

21 (2) The service years are to be determined under the law before  
22 ~~July 16, 2003~~ January 1, 2005.

23  
24 SECTION 17. Arkansas Code Title 24, Chapter 8, Subchapter 9 is amended  
25 to add an additional section to read as follows:

26 24-8-904. Reciprocal system.

27 (a) Court clerks placed in the Arkansas Public Employees Retirement  
28 System under §§ 24-8-901 – 24-8-904, and whose past service credit was placed  
29 in the Arkansas District Judge Retirement System shall be covered by the  
30 reciprocal provisions of §§ 24-2-401 – 24-2-404.

31 (b) There is no reciprocal service between the local municipal judge  
32 retirement systems and the reciprocal systems listed in § 24-2-401(1) before  
33 January 1, 2005.

34 (c) In establishing eligibility for a benefit from each system, the  
35 credited service under all reciprocal systems is totaled, and the credited  
36 service is used in determining eligibility for each system benefit.

1           (d)(1) Only the credited service under that system and the benefit  
2 formula of the system is used in determining the amount of a benefit from  
3 each system.

4           (2) This subchapter is not intended to decrease the benefits  
5 earned nor increase the eligibility requirements for members who were  
6 participants in a local plan, as authorized by law, prior to January 1, 2005.

7           (3) The benefits earned and those eligibility requirements shall  
8 transfer to the Arkansas District Judge Retirement System.

9           (e) If the system provides a benefit amount that is not dependent on  
10 length of credited service, the benefit amount shall be reduced to the  
11 proportion that system-credited service bears to total reciprocal system-  
12 credited service.

13  
14           SECTION 18. EMERGENCY CLAUSE. It is found and determined by the  
15 General Assembly of the State of Arkansas that for the effective  
16 administration of this act and to avoid undue harm to the members and benefit  
17 recipients of the Arkansas District Judge Retirement System that this act  
18 should become effective on July 1, 2005. Therefore, an emergency is declared  
19 to exist and this act being necessary for the preservation of the public  
20 peace, health, and safety shall become effective on:

21           (1) The date of its approval by the Governor;

22           (2) If the bill is neither approved nor vetoed by the Governor,  
23 the expiration of the period of time during which the Governor may veto the  
24 bill; or

25           (3) If the bill is vetoed by the Governor and the veto is  
26 overridden, the date the last house overrides the veto.

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29   APPROVED: 3/18/2005  
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