

1 **State of Arkansas**  
2 **78th General Assembly**  
3 **Regular Session, 1991**  
4 **By: Senator C. Bell**

# A Bill

**SENATE BILL**

## **For An Act To Be Entitled**

8 "AN ACT TO AMEND ARKANSAS CODE ANNOTATED §§24-11-413 AND  
9 24-11-427 TO PROVIDE A COST-OF-LIVING INCREASE IN BENEFITS  
10 FOR RETIRED POLICEMEN; TO PROVIDE A MEANS FOR FUNDING THE  
11 INCREASE; AND FOR OTHER PURPOSES."

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

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15 SECTION 1. Arkansas Code Annotated §24-11-413 is amended to read as  
16 follows:

17 "24-11-413. Moneys added to fund - Contributions.

18 (a) There shall be added to the fund the following moneys:

19 (1) All forfeitures and fines imposed upon any member of the  
20 police department by way of discipline;

21 (2) All money given or donated to the fund;

22 (3) All money deducted from the salary of any member of the  
23 police department on account of absence or loss of time;

24 (4) All rewards paid for any purpose;

25 (5) Ten percent (10%) of all fines and forfeitures collected by  
26 the police department of the city for violation of city ordinances or state  
27 law; and

28 (6) Seven and sixty-five hundredths percent (7.65%) of the  
29 monthly salary of each member of the department, to be deducted each month by  
30 the city and immediately paid to the board of trustees of the policemen's  
31 pension and relief fund; however, the monthly deduction shall be five and  
32 sixty-five hundredths percent (5.65%) for police officers contributing to  
33 social security unless increased, but not to exceed seven and sixty-five  
34 hundredths percent (7.65%), by the majority vote of the contributing members  
35 of a police department covered by social security.

1 (b) All cities and towns in which a policemen's pension and relief fund  
2 is established shall contribute to the fund an amount not less than seven and  
3 sixty-five hundredths percent (7.65%) of the police officers' salary.

4 (c) The contributions by cities and towns shall not exceed the amount  
5 contributed by the police officers except where authorized by appropriation of  
6 the city's or town's governing body."

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8 SECTION 2. Arkansas Code Annotated §24-11-427 is amended to read as  
9 follows:

10 "24-11-427. Increase in benefits.

11 (a) The provisions of this section are intended to establish procedures  
12 whereby the benefits to members and beneficiaries under the policemen's  
13 pension and relief funds within the respective municipalities of this state  
14 may be increased on an orderly and actuarially sound basis, and are further  
15 intended to establish procedures for review and certification that the  
16 proposed increase in pension and relief fund benefits is actuarially feasible  
17 and sound prior to the adoption or implementation thereof.

18 (b) It is not the intent of this section to repeal or modify any of the  
19 existing policemen's pension and relief fund laws of this state, and this  
20 section shall be construed to supplement, and to be in addition to, any such  
21 laws in effect.

22 (c) The board of trustees of a policemen's pension and relief fund is  
23 authorized to increase benefits for retired members and beneficiaries of the  
24 policemen's pension and relief fund.

25 (d) Any proposed increase by the board of trustees shall be in strict  
26 compliance with the following conditions:

27 (1) The board of trustees of the policemen's pension and relief  
28 fund shall adopt a resolution approved by not less than three-fourths (3/4) of  
29 the membership of the board of trustees, outlining the proposed increase in  
30 benefits. The resolution shall propose a minimum cost-of-living increase in  
31 benefits to be determined as follows;

32 (A) Beginning with the July 1 which is at least twelve (12)  
33 full months after the effective date of a monthly benefit, the amount of the  
34 benefit shall be redetermined effective each July 1, and the redetermined  
35 amount shall be payable for the ensuing year;

1                   (B) Subject to the maximum stated in subparagraph (d) (1) (C)  
2 of this section, the redetermined amount shall be the amount of the benefit  
3 otherwise payable multiplied by the following percent: one hundred percent  
4 (100%), plus three percent (3%) for each full year, but excluding any fraction  
5 of a year, in the period from the effective date of the benefit to the current  
6 July 1;

7                   (C) In no event shall the redetermined amount be less than  
8 the amount of the benefit otherwise payable or more than the amount of the  
9 benefit otherwise payable increased by one-half (1/2) of any percentage  
10 increase in the inflation index for the period from the December immediately  
11 preceding the effective date of the benefit to the December immediately  
12 preceding the July 1;

13                   (D) For purposes of this subsection, 'the amount of the  
14 benefit otherwise payable' means the monthly amount of the benefit which  
15 would be payable disregarding the provisions redetermining benefit amounts  
16 after retirement;

17                   (E) For purposes of this subsection, 'inflation index'  
18 means the Consumer Price Index for Urban Wage Earners and Clerical Workers, U.  
19 S. City Average, as determined by the United States Department of Labor and in  
20 effect January 1, 1981; should the inflation index be restructured subsequent  
21 to 1980 in a manner materially changing its character, the board, after  
22 receiving the advice of its actuary, shall change the application of the  
23 inflation index so that, as far as is practical, the 1980 intent of the use of  
24 the inflation index shall be continued;

25                   (2) (A) The action proposed by the board of trustees under the  
26 resolution shall be determined by actuarial evaluations to be actuarially  
27 feasible to the extent that the unfunded liabilities resulting from the  
28 proposed increase in member or beneficiary benefits under the fund will be  
29 funded over a period of not more than thirty (30) years, reduced by two (2)  
30 years for each full year elapsed since January 1, 1988, based on the current  
31 available and known revenue or income sources available to the retirement and  
32 pension fund;

33                   (B) The actuarial evaluations shall be made by an actuary  
34 who is a member of the American Academy of Actuaries and who is employed by  
35 the Arkansas Fire and Police Pension Review Board;

1                   (C) The Executive Director of the Arkansas Fire and Police  
2 Pension Review Board shall state the actuarial findings in writing to the  
3 board of trustees and shall certify the appropriate action to be taken;

4                   (3) (A) A copy of the resolution adopted by the board of trustees  
5 of the policemen's pension and relief fund outlining the proposed increase in  
6 member or beneficiary benefits is filed with the executive director who shall  
7 determine that an actuarial evaluation has been made in accordance with the  
8 provisions of this section and that the actuarial evaluation had determined  
9 that the proposed increase in benefits may be funded over a period of time set  
10 forth in subdivision (d) (2) (A), based on available or defined revenue sources  
11 of the relief fund, in which event the executive director may approve the  
12 proposed increase to member or beneficiary benefits under the policemen's  
13 pension and relief fund;

14                   (B) The board of trustees of the policemen's pension and  
15 relief fund shall comply with the appropriate action as approved by the  
16 executive director;

17                   (4) (A) A copy of the resolution adopted by the board of trustees,  
18 a copy of the actuarial evaluation, and a copy of the action taken by the  
19 executive director is filed with the circuit clerk and the city clerk of the  
20 county and city in which the policemen's pension and relief fund is located;

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22                   (B) All actions taken by the executive director shall be  
23 subject to review and acceptance by the Arkansas Fire and Police Pension  
24 Review Board.

25                   (e) If it is determined by the Arkansas Fire and Police Pension Review  
26 Board that a local pension plan is not complying with the provisions of law  
27 governing benefit increases, the executive director of the board shall certify  
28 this noncompliance to the Insurance Commissioner, and the Insurance  
29 Commissioner shall withhold all moneys otherwise due the plan from the state  
30 until compliance is achieved.

31                   (f) The cost of the actuarial evaluation made under the provisions of  
32 this section shall be paid by the board of trustees of the policemen's pension  
33 and relief fund which proposes to increase member or beneficiary benefits  
34 under the fund. The actuarial evaluation shall include:

35                   (1) The current financial and actuarial status of the income and

1 liabilities of the policemen's pension and relief fund;

2           (2) A detailed statement of the proposed benefit increases;

3           (3) A comparison reflecting that the level of contributions and  
4 other income under the pension and relief fund is sufficient to amortize the  
5 unfunded liabilities resulting from the benefit increase over a thirty-year  
6 period; and

7           (4) An evaluation determining whether, in the opinion of the  
8 actuary, the income under the policemen's pension and relief fund will be  
9 actuarially sound."

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11           SECTION 3. All provisions of this act of a general and permanent nature  
12 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
13 Revision Commission shall incorporate the same in the Code.

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15           SECTION 4. If any provision of this act or the application thereof to  
16 any person or circumstance is held invalid, such invalidity shall not affect  
17 other provisions or applications of the act which can be given effect without  
18 the invalid provision or application, and to this end the provisions of this  
19 act are declared to be severable.

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

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