

1 **State of Arkansas**
2 **79th General Assembly**
3 **Regular Session, 1993**
4 **By: Representative B. Wood**

A Bill

HOUSE BILL 1489

For An Act To Be Entitled

7 "AN ACT TO AMEND ARKANSAS CODE § 24-3-102 TO CHANGE THE
8 DEFINITION OF _FINAL AVERAGE PAY_ TO APPLY TO THE HIGHEST
9 FOUR (4) YEARS OF COMPENSATION; TO AMEND ARKANSAS CODE §
10 24-3-201 TO CHANGE THE PROVISIONS DEALING WITH TEMPORARY
11 ANNUITIES; AND TO AMEND ARKANSAS CODE § 24-4-101 TO CHANGE
12 THE DEFINITION OF _AVERAGE COMPENSATION_ TO INCLUDE THE
13 HIGHEST FOUR (4) YEARS OF COMPENSATION; AND FOR OTHER
14 PURPOSES."

Subtitle

17 "AN ACT TO CHANGE THE DEFINITIONS OF _FINAL AVERAGE PAY_
18 AND _AVERAGE COMPENSATION_ UNDER PERS LAW TO APPLY TO THE
19 HIGHEST 4 YEARS OF SALARY."

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

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23 SECTION 1. Subdivision (8) of Arkansas Code § 24-3-102 is hereby
24 amended to read as follows:

25 "(8) (A) _Final average pay_ for members of the Arkansas Public
26 Employees Retirement System means the average of the highest annual
27 compensations paid a member during any period of forty-eight (48) calendar
28 months of credited service with a public employer. Should a member have less
29 than forty-eight (48) calendar months of credited service, _final average pay_
30 means the monthly average of pay to him during his total years of credited
31 service. Any other provision to the contrary notwithstanding, if a member's
32 rate of pay is set by the Arkansas Constitution, Amendment 70, § 1, then the
33 member's _final average pay_ shall not be less than his monthly rate of pay at
34 time of separation from covered employment; and

35 (B) _Final average pay_ for members of the Arkansas State Police

1 Retirement System means the average of the highest annual compensations paid a
2 member during any period of sixty (60) calendar months of credited service
3 with the Arkansas State Police. Should a member have less than sixty (60)
4 calendar months of credited service, _final average pay_ means the monthly
5 average of pay to him during his total years of credited service;"

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7 SECTION 2. Subsection (e) of Arkansas Code § 24-3-201 is hereby amended
8 to read as follows:

9 "(e) (1) Upon a member's retirement, he shall receive an annuity for
10 life equal to the total of the following amounts: For each year of credited
11 service resulting from employment in a position covered at any time by social
12 security or another federal retirement plan supported wholly or in part by
13 employer contributions, one and fifty-five hundredths percent (1.55%) of his
14 final average pay plus, for each year of credited service resulting from
15 employment in a position never so covered, one and eight hundred seventy-two
16 thousandths percent (1.872%) of his final average pay. For a member of the
17 General Assembly, a monthly annuity equal to thirty-five dollars (\$35.00)
18 times the number of years of actual service as a member of the General
19 Assembly. For a member of the General Assembly who served as Speaker of the
20 House of Representatives or President Pro Tempore of the Senate, a monthly
21 annuity equal to forty dollars (\$40.00) times the total number of years of
22 actual service as a member of the General Assembly.

23 (2) In addition, if a member has credited service resulting from
24 employment in a position covered at any time by social security or another
25 federal retirement plan supported wholly or in part by employer contributions,
26 and if that member is retiring as provided in subsections (a)-(d) of this
27 section or § 24-3-207(a), and if that member's age at retirement is younger
28 than:

29 (A) Social security's minimum age for an immediate
30 retirement benefit; and

31 (B) Age sixty-two (62), then that member shall receive a
32 temporary annuity equal to three hundred twenty-two thousandths percent
33 (0.322%) of his final average pay for each year of such credited service.

34 (3) The temporary annuity shall terminate at the end of the
35 calendar month in which the earliest of the following events occurs:

- 1 (A) The member's death; or
- 2 (B) His attainment of the social security minimum age; or
- 3 (C) His attainment of age sixty-two (62).

4 (4) If no temporary annuity is payable as provided in this
5 subsection, or after such temporary annuity has terminated, and if such member
6 has at retirement any credited service for any period of time prior to July 1,
7 1991, then the future payments of such annuity for life shall not be less than
8 they would have been under the provisions that were in effect on July 1, 1990
9 for this subsection, the provisions of § 24-3-102(8) and § 24-4-101(17), plus
10 four percent (4%).

11 (5) It is considered sound public policy that retirement pay not
12 exceed working pay, except for increases after retirement caused by inflation;
13 accordingly, at time of retirement, the total of named plan annuities
14 resulting from employment in a position also covered by social security shall
15 not exceed his final average pay."

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

19 "(17) (A) (i) Average compensation means the average of the highest
20 annual compensations paid a member during any period of four (4) years of
21 credited service with a public employer.

22 (ii) Such four-year average shall be the greatest of the
23 following:

24 (a) One-fourth (1/4) of the following: The total of
25 highest compensations paid during the three (3) completed fiscal years when
26 added to the total fourth highest compensation paid during the completed
27 fiscal year; or

28 (b) One-fourth (1/4) of the following: The total of
29 highest compensations paid during the three (3) completed fiscal years added
30 to the total of the compensation paid for the months of credited service
31 within the incomplete fiscal year in which the member retires, provided there
32 are some, and the total fourth highest compensation paid during the completed
33 fiscal year which has been multiplied by the number of months remaining in the
34 fiscal year in which retirement occurs and divided by twelve (12);

35 (iii) Should said member have less than four (4) years of

1 credited service, _average compensation_ means the annual average
2 compensations to him during his total years of credited service.

3 (B) Any other provision to the contrary notwithstanding:

4 (i) If a member's rate of pay is set by Arkansas
5 Constitution, Amendment 70, Section 1, then the member's _average
6 compensation_ shall not be less than his rate of pay at the time of separation
7 from covered employment;

8 (ii) If a member's rate of pay is set by Arkansas
9 Constitution, Amendment 70, Section 1, then the member's _average
10 compensation_ shall not be less than the member's highest rate of such pay; or

11 (iii) If a member served at any time in an office whose
12 rate of pay is set by Arkansas Constitution, Amendment 70, Section 1, and that
13 member was a member of the General Assembly on December 31, 1978, then the
14 member's _average compensation_ shall not be less than the rate of pay
15 currently set for the highest legislative office the member held;"

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

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21 SECTION 5. If any provisions of this act or the application thereof to
22 any person or circumstance is held invalid, the invalidity shall not affect
23 other provisions or applications of the act which can be given effect without
24 the invalid provisions or application, and to this end the provisions of this
25 act are declared to be severable.

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27 SECTION 6. All laws and parts of laws in conflict with this act are
28 hereby repealed.

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30 /s/B. Wood

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