

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.

1 State of Arkansas
2 84th General Assembly
3 Regular Session, 2003
4
5 By: Senator G. Jeffress
6
7

A Bill

SENATE BILL 135

For An Act To Be Entitled

9 AN ACT TO CREATE A PROCEDURE TO CONTINUE HEALTH
10 INSURANCE BENEFITS FOR MEMBERS IN DEFERRED
11 RETIREMENT OPTION PLANS OF LOCAL FIRE AND POLICE
12 RETIREMENT PROGRAMS; AND FOR OTHER PURPOSES.

Subtitle

15 AN ACT TO CREATE A PROCEDURE TO CONTINUE
16 HEALTH INSURANCE BENEFITS FOR MEMBERS IN
17 DEFERRED RETIREMENT OPTION PLANS OF
18 LOCAL FIRE AND POLICE RETIREMENT
19 PROGRAMS.

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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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24 SECTION 1. Arkansas Code § 24-11-434 is amended to read as follows:
25 24-11-434. Deferred retirement option plan.

26 (a)(1) In lieu of terminating employment and accepting a service
27 retirement pension pursuant to § 24-11-401 et seq., any police officer who is
28 a member of a policemen's pension and relief fund who has not fewer than
29 twenty (20) years of credited service and who is eligible to receive a
30 service retirement pension may elect to participate in the Arkansas Police
31 Officers' Deferred Option Plan and defer the receipt of benefits in
32 accordance with the provisions of this section, provided that the board of
33 trustees of the local policemen's pension and relief fund approves the
34 participation in the plan.

35 (2) For purposes of this section, credited service shall include
36 service credit recognized pursuant to this subchapter.



1 (b)(1) The duration of participation in the plan for active police
2 officers shall not exceed five (5) years.

3 (2) The five-year limit may be extended if:

4 (A) The extension does not cause the limit to exceed ten
5 (10) years;

6 (B) The extension applies to all active members and all
7 members on the plan;

8 (C) The extension is approved by a majority of votes of
9 the board of trustees of the pension and relief fund or of the Arkansas Local
10 Police and Fire Retirement System for funds whose administrative
11 responsibility has been assigned to the system as provided in § 24-11-406(b);

12 (D) The interest credited after the first five (5) years
13 on the plan shall be two (2) percentage points below the rate of return of
14 the investment portfolio of the fund and shall not be determined under
15 subdivision (e)(2) of this section, but in no event shall the interest rate
16 credited be less than zero percent (0%); and

17 (E) The extension is approved by a majority vote of the
18 governing body of the sponsoring municipality.

19 (c) At the conclusion of a member's participation in the plan, the
20 member shall terminate employment with all participating municipalities as a
21 police officer and shall start receiving the member's accrued monthly
22 retirement benefit from the policemen's pension and relief fund.

23 (d)(1) When a member begins participation in the plan, the
24 contribution of the police officer and the employer contribution shall
25 continue to be paid.

26 (2)(A) In a municipality having a population of over twenty
27 thousand (20,000) persons, municipal matching contributions for employees who
28 elect the plan shall be credited equally to the policemen's pension and
29 relief fund and to the plan, or at the option of the local pension and relief
30 fund board of trustees, credited in the manner provided in subdivision
31 (d)(2)(B) of this section.

32 (B) In a municipality having a population of twenty
33 thousand (20,000) persons or less, municipal matching contributions for
34 employees who elect the plan shall be credited in full to the policemen's
35 pension and relief fund, and the contribution of the employee shall be
36 credited to the member's plan account.

1 (3) The monthly retirement benefits that would have been payable
2 had the member elected to cease employment and receive service retirement and
3 pension supplement payments made by the Policemen's Pension Supplement
4 Program shall be paid into the plan account.

5 (e)(1) The member's monthly retirement benefit shall not change,
6 unless the plan receives a benefit increase.

7 (2)(A) A member who participates in this plan shall earn
8 interest at a rate of two (2) percentage points below the rate of return of
9 the investment portfolio of the policemen's pension and relief fund as
10 certified by the actuary under contract with the Arkansas Fire and Police
11 Pension Review Board in accordance with generally accepted actuarial
12 practices and § 24-11-207, but no less than the actuarial assumed interest
13 rate as certified by the actuary.

14 (B) The interest shall be credited to the individual
15 account balance of the member on an annual basis.

16 (f) A participant in the plan shall receive, at the option of the
17 participant, a lump sum payment from the account equal to the payments to the
18 account or a true annuity based upon the account of the participant, may
19 elect any other method of payment if approved by the board of trustees, or
20 may elect to receive a reduced lump sum payments and a continuation of
21 insurance benefit until age sixty-five (65).

22 (g) If the participant dies during the period of participation in the
23 plan, a lump sum payment equal to the account balance of the participant
24 shall be paid.

25 (h) Participants in the plan shall not receive any benefits under the
26 plan unless they participate in the plan for a minimum of one (1) year,
27 absent death or disability.

28 (i) Participants in the plan subject to the extended ten-year service
29 limit shall forfeit a portion of the extended service benefits earned,
30 specifically limited to only the interest and employer contributions'
31 portions which have been credited to the plan account, under the plan beyond
32 the first five (5) years of participation should the participant terminate
33 employment during the extended service time, absent death or disability, as
34 follows:

35 (1) Forfeit eighty percent (80%) if termination occurs in the
36 sixth year of participation;

1 (2) Forfeit sixty percent (60%) if termination occurs in the
2 seventh year of participation;

3 (3) Forfeit forty percent (40%) if termination occurs in the
4 eighth year of participation; and

5 (4) Forfeit twenty percent (20%) if termination occurs in the
6 ninth year of participation.

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8 SECTION 2. Arkansas Code § 24-11-830 is amended to read as follows:
9 24-11-830. Deferred retirement option plan.

10 (a) In lieu of terminating employment and accepting a service
11 retirement pension pursuant to § 24-11-801 et seq., any full-paid fire
12 fighter who is a member of a firemen’s pension and relief fund who has not
13 fewer than twenty (20) years of credited service and who is eligible to
14 receive a service retirement pension may elect to participate in the Arkansas
15 Fire Fighters’ Deferred Retirement Option Plan and defer the receipt of
16 benefits in accordance with the provisions of this section, provided the
17 local firemen’s pension and relief fund board of trustees approves the
18 participation in the plan.

19 (b) For purposes of this section, credited service shall include
20 service credit recognized pursuant to § 24-11-801 et seq.

21 (c)(1) The duration of participation in the plan for active full-paid
22 fire fighters shall not exceed five (5) years.

23 (2) At the conclusion of a member’s participation in the plan,
24 the member shall terminate employment with all participating municipalities
25 as a fire fighter and shall start receiving the member’s accrued monthly
26 retirement benefit from the firemen’s pension and relief fund.

27 (d)(1) When a member begins participation in the plan, the
28 contribution of the fire fighter and the employer contribution shall continue
29 to be paid.

30 (2)(A) In a municipality having a population of over twenty
31 thousand (20,000) persons, municipal matching contributions for employees who
32 elect the plan shall be credited equally to the firemen’s pension and relief
33 fund and to the plan, or at the option of the local firemen’s pension and
34 relief fund board of trustees, credited in the manner provided in subdivision
35 (d)(2)(B) of this section.

36 (B) In a municipality having a population of twenty

1 thousand (20,000) persons or less, municipal matching contributions for
2 employees who elect the plan shall be credited in full to the firemen's
3 pension and relief fund, and the contribution of the employee shall be
4 credited to the member's plan account.

5 (3) The monthly retirement benefits that would have been payable
6 had the member elected to cease employment and receive a service retirement
7 shall be paid into the plan account.

8 (e)(1) The member's monthly retirement benefit shall not change,
9 unless the plan receives a benefit increase.

10 (2)(A) A member who participates in this plan shall earn
11 interest at a rate of two (2) percentage points below the rate of return of
12 the investment portfolio of the firemen's pension and relief fund as
13 certified by the actuary under contract with the Arkansas Fire and Police
14 Pension Review Board in accordance with generally accepted actuarial
15 practices and § 24-11-207, but no less than the actuarial assumed interest
16 rate as certified by the actuary.

17 (B) The interest shall be credited to the individual
18 account balance of the member on an annual basis.

19 (f) A participant in the plan shall receive at the option of the
20 participant a lump sum payment from the account equal to the payments to the
21 account, ~~or~~ a true annuity based upon the account of the participant, ~~or may~~
22 ~~elect~~ any other method of payment if approved by the board of trustees, or
23 may elect to receive a reduced lump sum payment and a continuation of
24 insurance benefit until age sixty-five (65).

25 (g) If the participant dies during the period of participation in the
26 plan, a lump sum payment equal to the account balance of the participant
27 shall be paid.

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