

1 **State of Arkansas**  
2 **80th General Assembly**  
3 **Regular Session, 1995**

# A Bill

**ACT 474 OF 1995**  
**HOUSE BILL 1397**

4 **By: Representatives Bryant and Hendren**

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

8 "AN ACT TO AMEND ARKANSAS CODE 24-10-602 TO AUTHORIZE  
9 POLITICAL SUBDIVISIONS TO CHOOSE BETWEEN TWO BENEFIT  
10 PROGRAMS UNDER THE LOCAL POLICE AND FIRE RETIREMENT SYSTEM  
11 LAW; TO AMEND ARKANSAS CODE 24-10-404 TO PROVIDE THAT  
12 MEMBERS CONTRIBUTIONS UNDER LOPFI IS SIX PERCENT (6%) IF  
13 THE COVERED EMPLOYMENT IS COVERED BY SOCIAL SECURITY AND  
14 THE POLITICAL SUBDIVISION HAS ELECTED BENEFIT PROGRAM TWO;  
15 AND FOR OTHER PURPOSES."

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## **Subtitle**

18 "AUTHORIZE POLITICAL SUBDIVISIONS TO  
19 CHOOSE BETWEEN TWO BENEFIT PROGRAMS  
20 UNDER LOPFI SYSTEM LAW."  
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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 24-10-602 is amended to read as follows:

25 "§ 24-10-602. Annuity generally.

26 (a) Upon a member's retirement, he shall receive an annuity for life in  
27 accordance with the applicable benefit program elected by his employer, as  
28 follows:

29 (1) Benefit Program 1.

30 (A) For each year of paid service resulting from employment  
31 in a position not also covered by social security, two percent (2%) of his  
32 final average pay; plus

33 (B) For each year of paid service resulting from employment  
34 in a position also covered by social security, one percent (1%) of his final  
35 average pay.

36 (C) (i) In addition, if the member is retiring as provided

1 in §24-10-604, §24-10-605, or §24-10-606, and if the member's age at  
2 retirement is less than social security's minimum age for an immediate  
3 retirement benefit and age sixty-two (62) years, then the member shall receive  
4 a temporary annuity equal to one percent (1%) of his final average pay for  
5 each year of paid service resulting from employment in a position also covered  
6 by social security.

7 (ii) The temporary annuity shall terminate at the end  
8 of the calendar month in which the earliest of the following events occur:

9 (a) The member's death;

10 (b) His attainment of the social security  
11 minimum age; or

12 (c) His attainment of age sixty-two (62) years.

13 (2) Benefit Program 2.

14 (A) For each year of paid service resulting from employment  
15 in a position not also covered by social security, two percent (2%) of his  
16 final average pay, plus

17 (B) For each year of paid service, rendered on or after the  
18 election date of benefit program 2, resulting from employment in a position  
19 also covered by social security, two percent (2%) of his final average pay.

20 (C) For each year of paid service, rendered before the  
21 election date of benefit program 2, resulting from employment in a position  
22 also covered by social security, one percent (1%) of his final average pay.

23 (D)(i) In addition, if the member is retiring as provided  
24 in §24-10-604, §24-10-605, or §24-10-606, and if the member's age at  
25 retirement is less than social security's minimum age for an immediate  
26 retirement benefit and age sixty-two (62) years, then the member shall receive  
27 a temporary annuity equal to one percent (1%) of his final average pay for  
28 each year of paid service, rendered before the election date of benefit  
29 program 2, resulting from employment in a position also covered by social  
30 security.

31 (ii) The temporary annuity shall terminate at the end  
32 of the calendar month in which the earliest of the following events occur:

33 (a) the member's death;

34 (b) his attainment of the social security  
35 minimum age; or

1 (c) his attainment of age sixty-two (62) years.

2 (E) A member who has paid service, rendered before the  
3 election date of benefit program 2, resulting from employment in a position  
4 also covered by social security, may have said paid service treated as though  
5 the paid service had been rendered after the election date of benefit program  
6 2, by paying to the system by a single contribution or by an increased rate of  
7 contributions, as approved by the board, the amounts which the member would  
8 have contributed under §24-10-404 if said paid service had resulted from  
9 employment in a position not also covered by social security, together with  
10 regular interest to the date of payment.

11 (3) In no event shall the total of the amounts computed pursuant  
12 to subsections (1) and (2) of this subsection exceed, at the time of  
13 retirement, eighty percent (80%) of the final average pay, plus the amounts  
14 provided in subsection (4) for volunteer service.

15 (4)(A) For retirements effective before July 1, 1991, annuity  
16 amounts based upon volunteer service shall be in accordance with system  
17 provisions in force before July 1, 1991.

18 (B) For retirements effective July 1, 1991, and the twelve  
19 (12) calendar months thereafter, the monthly annuity amount for each year of  
20 volunteer service shall be three dollars (\$3.00), to a maximum of one hundred  
21 twenty dollars (\$120) monthly for all volunteer service.

22 (C) For retirements effective in the twelve (12) calendar  
23 months beginning July 1 thereafter, the monthly annuity amount for each year  
24 of volunteer service shall be three dollars (\$3.00), increased by any  
25 percentage increase in the inflation index for the period from December 1990  
26 to the December immediately preceding the July 1, to a maximum for all  
27 volunteer service of one hundred twenty dollars (\$120) monthly similarly  
28 increased by any percentage increase in the inflation index.

29 (b) If each portion of a member\_s credited service is not covered by  
30 the same benefit program, then his total annuity for life shall be the total  
31 of the annuity for life determined under each applicable benefit program.

32 (c) Each employer shall have the credited service of each of its  
33 members covered by benefit program 1 provided for in this section unless such  
34 employer shall have elected another benefit program provided for in this  
35 section.

1 (d) Each political subdivision may, by majority vote of its governing  
2 body, elect from time to time to cover its members who retire in the future  
3 under one of the benefit programs provided for in this section. The clerk of  
4 or secretary of the governing body of the political subdivision shall certify,  
5 in a manner and form acceptable to the board, the election of the benefit  
6 program to the board within ten (10) days of the vote. The effective date of  
7 the political subdivision\_s benefit program is the first day of the calendar  
8 month specified by such governing body, or the first day of the calendar month  
9 next following receipt by the board of the certification of election of  
10 benefit program, or the effective date of the political subdivision becoming  
11 an employer, whichever is the latest date. Such election of benefit program  
12 may be changed from time to time by such vote, but not more often than  
13 biennially. If such changed benefit program provides smaller annuities for  
14 life than the benefit program previously in effect, then such changed benefit  
15 program shall be applicable only to credited service for employment rendered  
16 from and after the effective date of such change.

17 (e) Should an employer change its election of benefit program as  
18 provided in this section, the employer contributions shall be correspondingly  
19 changed effective the same date as the benefit program change.

20 (f) The limitation on increases in an employer\_s contribution provided  
21 by subsection (h) of §24-10-405 shall not apply to any contribution increase  
22 resulting from an employer electing a benefit program which provides larger  
23 annuities."

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25 SECTION 2. Arkansas Code 24-10-404(b)(1) is amended to read as follows:

26 "(b)(1) If a member's covered employment is not also covered by social  
27 security, or if his covered employment is also covered by social security and  
28 his political subdivision has elected benefit program 2 as provided in §24-10-  
29 602, and if he is receiving pays resulting in paid service credit, his  
30 contributions to the system shall be six percent (6%) of his pays."

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

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

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

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APPROVED: 2-28-95

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