

*As Engrossed: 3/21/95*

1 **State of Arkansas**  
2 **80th General Assembly**  
3 **Regular Session, 1995**  
4 **By: Representative Mullenix**

# **A Bill**

**ACT 961 OF 1995**  
**HOUSE BILL 1495**

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

8 "AN ACT TO AMEND ARKANSAS CODE §§ 24-11-434 TO ALLOW  
9 MUNICIPAL POLICE PENSION FUNDS TO EXTEND THE PERIOD FOR  
10 THE DEFERRED RETIREMENT OPTION PLAN FROM FIVE (5) YEARS TO  
11 A MAXIMUM OF TEN (10) YEARS OF ADDITIONAL SERVICE; AND FOR  
12 OTHER PURPOSES."

## **Subtitle**

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15 "TO ALLOW MUNICIPAL POLICE PENSION FUNDS  
16 TO EXTEND THE TIME FOR THE DEFERRED  
17 RETIREMENT OPTION PLAN UP TO TEN (10)  
18 YEARS OF ADDITIONAL SERVICE."

19  
20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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22 SECTION 1. Arkansas Code § 24-11-434 is amended to read as follows:

23 "24-11-434. Deferred retirement option plan.

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

32 (b) For purposes of this section, credited service shall include  
33 service credit recognized pursuant to §§ 24-11-401 et seq.

34 (c) The duration of participation in the Arkansas Police Officers\_  
35 Deferred Option Plan for active police officers shall not exceed five (5)  
36 years. At the conclusion of a member\_s participation in the Arkansas Police

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1 Officers\_ Deferred Option Plan, the member shall terminate employment with all  
2 participating municipalities as a police officer and shall start receiving the  
3 member\_s accrued monthly retirement benefit from the policemen\_s pension and  
4 relief fund. The five (5) year limit may be extended if:

5           (1) the extension does not cause the limit to exceed ten (10)  
6 years; and

7           (2) the extension applies to all active members and all members on  
8 the deferred retirement option plan; and

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

14           (4) the interest credited after the first five (5) years on the  
15 deferred retirement option plan shall be two (2) percentage points below the  
16 rate of return of the investment portfolio of the fund, and shall not be  
17 determined under subdivision (e) (2) of this section; and

18           (5) *the extension is approved by a majority vote of the governing*  
19 *body of the sponsoring municipality.*

20       (d) When a member begins participation in the Arkansas Police Officers\_  
21 Deferred Option Plan, the contribution of the police officer and the employer  
22 contribution shall continue to be paid. Municipal matching contributions for  
23 employees who elect the Arkansas Police Officers\_ Deferred Option Plan shall  
24 be credited equally to the policemen\_s pension and relief fund and to the  
25 Arkansas Police Officers\_ Deferred Option Plan. The monthly retirement  
26 benefits that would have been payable had the member elected to cease  
27 employment and receive a service retirement shall be paid into the Arkansas  
28 Police Officers\_ Deferred Option Plan account.

29       (e) (1) The member\_s monthly retirement benefit shall not change, unless  
30 the plan receives a benefit increase.

31           (2) A member who participates in this plan shall earn interest at  
32 a rate of two (2) percentage points below the rate of return of the investment  
33 portfolio of the policemen\_s pension and relief fund but no less than the  
34 actuarial assumed interest rate as certified by the actuary. The interest  
35 shall be credited to the individual account balance of the member on an annual

1 basis.

2 (f) A participant in the plan shall receive, at the option of the  
3 participant, a lump sum payment from the account equal to the payments to the  
4 account or a true annuity based upon the account of the participant or may  
5 elect any other method of payment if approved by the board of trustees.

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

9 (h) *Participants in the Arkansas Police Officers Deferred Option Plan*  
10 *shall not receive any benefits under the Arkansas Police Officers Deferred*  
11 *Option Plan unless they participate in the plan for a minimum of one (1) year,*  
12 *absent death or disability.*

13 (i) *Participants in the Arkansas Police Officers Deferred Option Plan*  
14 *subject to the extended ten (10) year service limit shall forfeit a portion of*  
15 *the extended service benefits earned under the Arkansas Police Officers*  
16 *Deferred Option Plan beyond the first five (5) years of participation, should*  
17 *the participant terminate employment during the extended service time, absent*  
18 *death or disability, as follows:*

19 (1) *Forfeit eighty percent (80%) if termination occurs in the*  
20 *sixth (6th) year of participation;*

21 (2) *Forfeit sixty percent (60%) if termination occurs in the*  
22 *seventh (7th) year of participation;*

23 (3) *Forfeit forty percent (40%) if termination occurs in the*  
24 *eighth (8th) year of participation;*

25 (4) *Forfeit twenty percent (20%) if termination occurs in the*  
26 *ninth (9th) year of participation."*

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28 SECTION 2. All provisions of this act of general and permanent nature  
29 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
30 Revision Commission shall incorporate the same in the Code.

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32 SECTION 3. If any provisions of this act or the application thereof to  
33 any person or circumstance is held invalid, the invalidity shall not affect  
34 other provisions or applications of the act which can be given effect without  
35 the invalid provisions or application, and to this end the provisions of this

1 act are declared to be severable.

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3 SECTION 4. All laws and parts of laws in conflict with this act are  
4 hereby repealed.

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*/s/Rep. Mullenix*

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APPROVED: 4-6-95

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