

Stricken language would be deleted from present law. Underlined language would be added to present law.

1 State of Arkansas
2 81st General Assembly
3 Regular Session, 1997

As Engrossed: S3/20/97

A Bill

ACT 1053 OF 1997
SENATE BILL 391

4
5 By: Senator Hopkins
6
7

For An Act To Be Entitled

8
9 "AN ACT TO AMEND VARIOUS SECTIONS OF ARKANSAS CODE TITLE
10 24, CHAPTERS 2, 3, 5, 6, AND 7 CONCERNING THE TEACHERS
11 RETIREMENT SYSTEM, HIGHWAY RETIREMENT SYSTEM, STATE POLICE
12 RETIREMENT SYSTEM AND THE PUBLIC EMPLOYEES RETIREMENT
13 SYSTEM TO PROVIDE FOR VESTING OF BENEFITS AFTER FIVE YEARS
14 OF SERVICE AND TO ALLOW THE PURCHASE OF CREDITED SERVICE
15 AFTER FIVE YEARS OF SERVICE; AND FOR OTHER PURPOSES."

Subtitle

16
17
18 "AN ACT CONCERNING THE TEACHERS
19 RETIREMENT SYSTEM, HIGHWAY RETIREMENT
20 SYSTEM, STATE POLICE RETIREMENT SYSTEM
21 AND THE PUBLIC EMPLOYEES RETIREMENT
22 SYSTEM."

23
24
25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

26
27 SECTION 1. Arkansas Code 24-7-602 (c), concerning credit for military
28 service under the Teacher Retirement System, is amended to read as follows:

29 (c) A person who entered the armed forces and who was not an active
30 member at the time of entry shall have the armed service actually required of
31 him credited as service under this subchapter if he satisfies all of the
32 following conditions:

33 (1) He completes ~~ten (10)~~ five (5) years of ~~credited actual~~
34 service for service in Arkansas; and

35 (2) The armed service is not credited as service under any other
36 retirement plan except social security. Receipt of a disability pension from

1 the federal military system shall not be considered as having service credit
2 with another retirement plan.✕

3

4 SECTION 2. Arkansas Code 24-7-603 (c), concerning credit for out-of-
5 state service under the Teacher Retirement System, is amended to read as
6 follows:

7 (c) From and after July 1, 1987, an active member may contract with
8 the Board of Trustees of the Arkansas Teacher Retirement System for out-of-
9 state service to be credited as service hereunder in accordance with the
10 following conditions:

11 (1) The out-of-state service credit to be granted shall be
12 limited to service for which no benefit could be paid by another system
13 similar in purpose to this system, except social security, if the member left
14 on deposit his contributions to the other system and shall be limited to ten
15 (10) years;

16 (2)(A)(i) The member shall pay to the system for each year of
17 service credit being granted nineteen and one-half percent (19.5%) of the
18 annual salary received by him for his first full year of state teaching
19 service, together with regular annual interest from the end of that year of
20 state teaching service to the date of payment.

21 (ii) If the payment is not made in a single sum at
22 the time the contract is made, regular interest shall be added from the date
23 of the contract to the date of payment.

24 (B) The payment shall be credited to the member's account
25 in the member's deposit account and shall be in addition to regular member
26 contributions thereto;

27 (3) The out-of-state service shall not become credited service
28 under this system until:

29 (A) The member payments specified in subdivision (c)(2) of
30 this section have been paid in full; and

31 (B)(i) The member has established ~~ten (10)~~ five (5) or more
32 years of ~~credited service exclusive of out-of-state service~~ actual service.

33 (ii) Should a member cease to be an active member
34 before the out-of-state service has been established as system-credited
35 service, the member payments contributed as specified in subdivision (c)(2) of
36 this section shall be refundable, together with regular interest thereon;

1 (4) The benefit program to be applied to each year of service
2 credit being granted shall be the benefit program in effect at the time of
3 retirement;

4 (5) Such other rules and regulations consistent herewith as the
5 board may from time to time adopt.↘

6

7 SECTION 3. Arkansas Code 24-7-604 (b), concerning credit for overseas
8 service under the Teacher Retirement System, is amended to read as follows:

9 §(b) A member of the Arkansas Teacher Retirement System may receive
10 membership service credit for service in an overseas school subject to the
11 following conditions:

12 (1) To be eligible for overseas service credit, a member must
13 have a minimum of ~~ten (10)~~ five (5) years of membership service in a position
14 covered by the system;

15 (2)(A) The overseas service credit to be granted shall be limited
16 to service for which no benefit could be paid by another system similar in
17 purpose to this system, except social security.

18 (B) The maximum overseas service credited to any member
19 shall be ten (10) years;

20 (3) To be eligible for a year of overseas service credit, a
21 member must have rendered at least one hundred twenty (120) days of service.
22 Fractions of years of service may be credited in keeping with board policies
23 as provided by § 24-7-601;

24 (4)(A) Contributions must be paid on the member's salary in the
25 overseas school.

26 (B)(i) The member shall pay the member contribution rate.

27 (ii)(a) Employer contributions may be paid either by
28 the employer or by the member.

29 (b) For each year of the member's service
30 overseas, employer contributions shall be based upon the employer contribution
31 rate in effect for that year.↘

32

33 SECTION 4. Arkansas Code 24-7-607 (b) concerning credit for private
34 school service under the Teacher Retirement System, is amended to read as
35 follows:

36 §(b) From and after January 1, 1990, an active member may contract with

1 the board for private school service to be credited as service hereunder in
2 accordance with the following conditions:

3 (1) The private school service credit to be granted shall be
4 limited to service for which no benefit could be paid by another system
5 similar in purpose to the Arkansas Teacher Retirement System, except social
6 security, if the member left on deposit his contributions to the other system,
7 and shall be limited to ten (10) years;

8 (2)(A) The member shall pay to the system for each year of
9 service credit being granted nineteen and one-half percent (19.5%) of the
10 annual salary received by him for his first full year of state teaching
11 service, together with regular annual interest from the end of that year of
12 state teaching service to the date of payment.

13 (B) If the payment is not made in a single sum at the time
14 the contract is made, regular interest shall be added from the date of the
15 contract to the date of payment.

16 (C) The payment shall be credited to the member's account
17 in the members' deposit account and shall be in addition to regular member
18 contributions thereto;

19 (3) The private school service shall not become credited service
20 under this system until:

21 (A) The member payments specified in subdivision (b)(2) of
22 this section have been paid in full; and

23 (B)(i) The member has established ~~ten (10)~~ five (5) or more
24 years of ~~credited~~ actual service exclusive of private school service.

25 (ii) Should a member cease to be an active member
26 before the private school service has been established as system-credited
27 service, the member payments contributed as specified in subdivision (b)(2) of
28 this section shall be refundable, together with regular interest thereon;

29 (4) The benefit program to be applied to each year of service
30 credit being granted shall be the benefit program in effect at the time of
31 retirement; and

32 (5) Such other rules and regulations consistent herewith as the
33 board may from time to time adopt. ~~2~~

34
35 SECTION 5. Arkansas Code 24-7-701 (a), concerning voluntary retirement
36 under the Teacher Retirement System, is amended to read as follows:

1 §(a) An active member who either attains age sixty (60) years and has
 2 ~~ten (10)~~ five (5) or more years of ~~credited~~ actual service or who has thirty
 3 (30) or more years of credited service regardless of age may voluntarily
 4 retire upon his written application filed with the board.↘

5

6 SECTION 6. Arkansas Code 24-7-704 (a), concerning disability retirement
 7 under the Teacher Retirement System, is amended to read as follows:

8 §(a)(1)(A) Any member in employer service with ~~ten (10)~~ five (5) or
 9 more years of ~~credited~~ actual service who becomes, totally and permanently,
 10 physically or mentally incapacitated for his duty as a teacher, as the result
 11 of a personal injury or disease, may be retired by the board upon written
 12 application filed with the board by or on behalf of the member.

13 (B) He may be retired only if, after a medical examination
 14 of the member made by or under the direction of the medical committee, the
 15 medical committee reports to the board, by majority opinion in writing, that
 16 the member is physically or mentally totally incapacitated for the further
 17 performance of duty, that the incapacity will probably be permanent, and that
 18 the member should be retired.

19 (2) The disability retirement shall be effective the first day of
 20 the calendar month next following the later of:

21 (A) His termination of active membership; or

22 (B) Six (6) months before the date the written application
 23 is filed with the board.↘

24

25 SECTION 7. Arkansas Code 24-7-705 (b), concerning life annuity under
 26 the Teacher Retirement System, is amended to read as follows:

27 §(b)(1) The minimum straight life annuity for a member retiring after
 28 June 30, 1965, but before July 1, 1986, shall be one hundred fifty dollars
 29 (\$150) per month.

30 (2) For a member retiring July 1, 1986, or later, the minimum
 31 straight life annuity shall be:

32 (A) One hundred ~~fifty~~ dollars ~~(\$150)~~ (\$100) per month if
 33 the member has no noncontributory credited service of the type specified in
 34 subdivision (a)(1) of this section;

35 (B) ~~Ninety-four~~ Sixty-four dollars ~~(\$94.00)~~ (\$64.00) per
 36 month if the member has only credited service of the noncontributory type

1 specified in subdivision (a)(1) of this section; or

2 (C)(i) If the member has a mixture of credited service, the
3 monthly amount shall be prorated between ~~ninety-four~~ sixty-four dollars
4 ~~(\$94.00)~~ (\$64.00) and one hundred ~~fifty~~ dollars ~~(\$150)~~ (\$100) according to the
5 relationship between his noncontributory credited service and his total
6 credited service.

7 (ii) Provided, however, if the member has at least
8 ~~ten (10)~~ five (5) years of contributory service, regardless of his number of
9 years of noncontributory service, his monthly amount shall not be less than
10 one hundred ~~fifty~~ dollars ~~(\$150)~~ (\$100).

11

12 SECTION 8. Arkansas Code 24-7-707 (a), concerning deferred annuity
13 under the Teacher Retirement System , is amended to read as follows:

14 (a)(1) Should an active member cease to be an active member before
15 attaining age sixty (60) years, other than by death or retirement, but after
16 completing ~~ten (10)~~ five (5) years of ~~credited~~ actual service, he shall become
17 an inactive member and shall be entitled to a deferred annuity as provided for
18 in this section, but only if he does not withdraw his accumulated
19 contributions from the members' deposit account and is not employed in a
20 position covered by another retirement plan which is supported wholly or in
21 part by state contributions.

22 (2) The deferred annuity shall commence as of the first day of
23 the calendar month next following the later of:

24 (A) His deferred annuity age; or

25 (B) The date his written application is received by the
26 board.

27 (3) Deferred annuity age is age sixty (60) years for all members
28 eligible for a deferred annuity and who do not have twenty-five (25) or more
29 years of credited service.

30 (4) A member shall have the right to elect an option provided for
31 in ~~§~~ 24-7-706 at the time of filing the written application.

32

33 SECTION 9. Arkansas Code 24-7-710 (b)(1), concerning survivor benefits
34 under the Teacher Retirement System, is amended to read as follows:

35 (1) The member's surviving spouse, who was married to the member for
36 at least the two (2) years immediately preceding his death, shall receive an

1 annuity computed in the same manner in all respects as if the member had:

2 (A) Retired the date of his death with entitlement to an annuity
3 provided for in § 24-7-705, notwithstanding that he might not have attained
4 age sixty (60) years or acquired ~~ten (10)~~ five (5) years of ~~credited~~ actual
5 service;

6 (B) Elected Option A - One hundred percent (100%) survivor
7 annuity, as provided for in § 24-7-706; and

8 (C) Nominated his spouse as joint beneficiary. ✕

9

10 SECTION 10. Arkansas Code 24-7-807 is amended to read as follows:

11 §24-7-807. Participation in plan.

12 Participation in an alternate retirement plan established pursuant to
13 this subchapter shall be as follows:

14 (1) Any staff member employed or appointed by a college or university
15 on or after the establishment of its alternate retirement plan shall
16 participate in the plan or in the teacher retirement system;

17 (2) Any staff member employed or appointed by a college or university
18 prior to July 1, 1969, who is a member of the retirement system shall continue
19 in such membership or shall participate in the alternate retirement plan, as
20 provided in this subchapter;

21 (3)(A) Any staff member employed or appointed by a college or
22 university with fewer than ten (10) years of member service in the retirement
23 system may elect to terminate his membership in the retirement system and
24 participate in the alternate retirement plan established by the employing
25 college or university.

26 (B) The election shall be in writing and filed with the
27 retirement system and the disbursing officer of the employing college or
28 university within one (1) year after he becomes eligible to participate in the
29 alternate retirement plan, except that, on or after July 1, 1993, until
30 December 31, 1993, any staff member employed or appointed by a college or
31 university who has fewer than ten (10) years of member service in the
32 retirement system and who has not already so elected may elect to terminate
33 his membership in the retirement system and participate in the alternate
34 retirement plan established by the employing college or university. Such
35 election shall be in writing and filed with the retirement system and the
36 disbursing officer of the employing college or university.

1 (C) All accumulated contributions to the credit of the staff
2 member in the members' deposit account which is maintained pursuant to the
3 provisions of § 24-7-406 shall be returned to the staff member, and all of his
4 credited service under the retirement system shall be cancelled;

5 (4)(A)(i) Any staff member employed or appointed by a college or
6 university with ~~ten (10)~~ five (5) or more years of ~~credited~~ actual service who
7 elects to participate only in the alternate retirement plan and who has left
8 his contributions in the retirement system shall be eligible to receive an
9 annuity on or after attaining sixty (60) years of age and on his retirement
10 from covered employment.

11 (ii) The amount of the annuity shall be determined by the
12 benefit formula of the retirement system at the time of his retirement.

13 (B) The election authorized under subdivision (4)(A) of this
14 section shall be made in writing and filed with the retirement system and with
15 the disbursing officer of the employing college or university on or before
16 July 1 of the year in which the person makes the election to participate in
17 the alternate retirement plan.

18 (C) The person's annuity shall begin on the first day of the
19 month following the date his application for retirement is filed with the
20 board of trustees on or after his attainment of age sixty (60) years;

21 (5)(A)(i) Any Department of Higher Education employee who transferred
22 from another state department covered by a state-supported retirement system
23 may elect to participate in an alternate retirement plan.

24 (ii) Such employee shall file written notice of his
25 election with the Director of the Department of Higher Education.

26 (B)(i) Any department employee with ~~ten (10)~~ five (5) or more
27 years of ~~credited~~ actual service who elects to participate only in the
28 alternate retirement plan and who has left his contributions in the retirement
29 system shall be eligible to receive an annuity on or after attaining the
30 normal retirement age and on his retirement from covered employment.

31 (ii) The amount of the annuity shall be determined by the
32 benefit formula of the retirement system at the time of his retirement.

33 (C)(i) The election authorized under this subdivision (5) shall
34 be made in writing and filed with the retirement system and with the director
35 on or before July 1 of the year in which the person makes the election to
36 participate in the alternate retirement plan.

1 (ii) The person's annuity shall begin on the first day of
2 the month following the date his application for retirement is filed with the
3 board of trustees on or after his attainment of normal retirement age and on
4 his retirement from covered employment.

5 (D)(i) Effective July 1, 1995, staff members who elect to
6 participate in an alternate retirement plan may elect to become members of the
7 retirement system.

8 (ii) Service credit forfeited while a member of an
9 alternate retirement plan cannot be established in the retirement system.

10 (iii) The election to withdraw from the alternate
11 retirement plan and become a member of the retirement system shall be made by
12 December 31, 1995, and notice of the election shall be made in writing and
13 filed with the retirement system and the disbursing officer of the employing
14 college or university by December 31, 1995.✕

15

16 SECTION 11. Arkansas Code 24-7-1005 is amended to read as follows:

17 "24-7-1005. Option of employees of former Arkansas Agricultural and
18 Mechanical College and former Arkansas Agricultural, Mechanical, and Normal
19 College to participate in University of Arkansas retirement plan.

20 (a)(1) Any staff member of the former Arkansas Agricultural and
21 Mechanical College, which is now the University of Arkansas at Monticello, or
22 of the former Arkansas Agricultural, Mechanical, and Normal College, which is
23 now the University of Arkansas at Pine Bluff, who elects to terminate his
24 membership in the Arkansas Teacher Retirement System or the Arkansas Public
25 Employees Retirement System and to participate in the retirement plan in
26 operation for University of Arkansas employees may do so on the same basis
27 that University of Arkansas employees on its other campuses may participate.

28 (2) The election shall be in writing and filed with the chief
29 fiscal officer of the University of Arkansas campus where the member is
30 employed.

31 (3) The University of Arkansas shall forward to each of the
32 former retirement plans described in this subsection the written applications
33 of those employees on these campuses who elect to terminate their
34 participation in the former retirement plan according to the provisions of
35 this section.

36 (b)(1) All accumulated contributions to the credit of the staff member

1 in the members' deposit account which is maintained pursuant to the provisions
2 of Acts 1973, No. 427 or Acts 1957, No. 177 shall be returned to the staff
3 member, and all of his credited service under the retirement system shall be
4 cancelled.

5 (2)(A) Any staff member with ~~ten (10)~~ five (5) or more years of
6 ~~credited~~ actual service or upon reaching ~~ten (10)~~ five (5) years of ~~credited~~
7 actual service who elects to participate in the plan in operation for the
8 University of Arkansas and who leaves his contributions in the Arkansas
9 Teacher Retirement System or the Arkansas Public Employees' Retirement System
10 shall be eligible to receive an annuity upon reaching the age for normal age
11 and service retirement benefits, as determined by the benefit formula of the
12 Arkansas Teacher Retirement System or the Arkansas Public Employees'
13 Retirement System, and on his retirement from covered employment.

14 (B) The amount of the annuity shall be determined by the benefit
15 formula of the Arkansas Teacher Retirement System or the Arkansas Public
16 Employees' Retirement System at the time of retirement. ✕

17

18 SECTION 12. Arkansas Code § 24-5-107 is amended to read as follows:

19 "24-5-107. Membership.

20 (a) Any employee of the Arkansas State Highway and Transportation
21 Department, as defined in § 24-5-101(3), shall become a member of the Arkansas
22 State Highway Employees' Retirement System in the manner and under the
23 conditions provided in this chapter.

24 (b) Membership in the system may be terminated by retirement,
25 disability, superannuation, or death, or by withdrawal, either voluntary or
26 involuntary, from active service in the department.

27 (c) Any member with not less than ~~ten (10)~~ five (5) years of creditable
28 service whose employment with the department is terminated for any reason may
29 leave his contributions in the Arkansas State Highway Employees' Retirement
30 System Fund and thereafter be entitled to retirement benefits as otherwise
31 provided in this chapter."

32

33 SECTION 13. Arkansas Code § 24-5-110(b) is amended to read as follows:

34 "(b)(1) The employee shall pay into the system such necessary
35 contributions and interest as may be prescribed by the Board of Trustees of
36 the Arkansas State Highway Employees' Retirement System within a period of ~~ten~~

1 ~~(10)~~ five (5) years.

2 (2) Not less than ~~one-tenth (1/10)~~ one-fifth (1/5) of the total
3 prior service and current service contributions shall be paid during each year
4 of the ~~ten-year~~ five-year period."

5

6 SECTION 14. Arkansas Code § 24-5-112 is amended to read as follows:

7 "24-5-112. Eligibility for benefits - Voluntary retirement.

8 (a) A member may retire voluntarily as follows:

9 (1) At the age of sixty-five (65) years, or during any year
10 thereafter until the age of compulsory retirement has been attained, with a
11 minimum of ~~ten (10)~~ five (5) years of creditable service in the Arkansas State
12 Highway Employees' Retirement System;

13 (2) At the age of sixty-two (62) years, with a minimum of fifteen
14 (15) years of creditable service in the system;

15 (3) At the age of sixty (60) years, with a minimum of twenty (20)
16 years of creditable service in the system; or

17 (4) Regardless of age, with thirty (30) years of creditable
18 service in the system.

19 (b)(1) Any retired member who has creditable service with the
20 department for more than thirty-five (35) years and who is not receiving
21 benefits based on his or her actual creditable service time, on February 27,
22 1991, shall have his or her annuity adjusted at that time.

23 (2) The adjustment shall be equivalent to the retirant's original
24 annuity, adjusted for actual service time and subsequent cost-of-living and
25 any ad hoc increases.

26 (3) The retirant shall be paid such adjusted annuity for each
27 month thereafter."

28

29 SECTION 15. Arkansas Code 24-5-113 is amended to read as follows:

30 "24-5-113. Eligibility for benefits - Disability retirement.

31 (a) A member shall be eligible for disability retirement benefits after
32 ~~ten (10)~~ five (5) or more years of creditable service in the Arkansas State
33 Highway and Transportation Department, but no member shall be eligible to
34 receive benefits for a disability incurred prior to his becoming a member of
35 the Arkansas State Highway Employees' Retirement System.

36 (b) No member may be retired on account of disability until conclusive

1 evidence, based on a proper medical examination, has been submitted to the
2 Board of Trustees of the Arkansas State Highway Employees' Retirement System
3 that the member is disabled to the extent that he can no longer perform his
4 assigned duties.

5 (c) A member who is retired because of disability shall be required to
6 undergo periodic medical examinations at the discretion of the board.

7 (d) If and when a medical examination shows that the disability has
8 been removed, disability retirement benefits shall cease.

9 (e) A disability allowance shall not be granted unless there is
10 conclusive evidence that the disability will be permanent or of long duration.

11 (f)(1) If a disability retirant secures employment with an employer not
12 considered a public employer, as defined by §24-2-401, for the purpose of
13 determining whether he or she is capable of returning to employment, then the
14 disability retirant shall be allowed to earn compensation from the employment
15 for a period of time not to exceed nine (9) months, during which period of
16 time the retirant shall receive no monthly benefits from the system.

17 (2) If the retirant becomes unable to continue his or her
18 employment before the nine-month period expires, then his or her disability
19 retirement benefits from the system shall be reinstated and be effective the
20 first day of the month after terminating employment.

21 (3) Only one (1) trial work period is allowed any disability
22 retirant, but the nine (9) months need not be consecutive.

23 (4) The trial work period does not prevent the consideration of
24 any medical evidence which may demonstrate recovery before the ninth month of
25 trial work.

26 (5)(A) If, at the end of the nine-month trial work period, the
27 retirant wishes to continue their employment outside the system, then the
28 disability retirement status shall terminate.

29 (B) For the purpose of determining eligibility for any
30 other benefit, they shall be considered to have terminated active membership
31 as of the time of disability retirement but for a reason other than disability
32 or death.

33 (6)(A) If the former disability retirant again becomes an
34 employee of a public employer as defined by §24-2-401, he or she shall
35 immediately again become a member of the system, and their credited service at
36 the time of disability retirement shall be restored.

1 (B) The amount of the accumulated contributions at the time
2 of his or her disability retirement shall be restored to the members deposit
3 account but in no event shall he or she be given service credit for the period
4 they were in receipt of their disability annuity.

5 (g)(1) As used in this section, suitable job or position means a job
6 or position the requirements of which can be physically or mentally performed,
7 as determined by a physician, and for which the remuneration would be
8 substantially gainful, as defined by the Social Security Administration as the
9 maximum amount that a person under sixty-five (65) may earn.

10 (h)(1) At least once each year, the board may require any disability
11 retirant to submit a form attesting to their current work status.

12 (2) If such a retirant refuses to submit the form, his disability
13 annuity may be suspended by the board until the form is properly submitted to
14 the board.

15 (3) If their refusal continues for one (1) year, all his rights
16 in and to a disability annuity may be revoked by the board."

17

18 SECTION 16. Arkansas Code § 24-5-114 is amended to read as follows:

19 "24-5-114. Eligibility for benefits - Early retirement.

20 (a) In addition to retirement as provided in §§ 24-5-112 and 24-5-113,
21 a member may retire after a minimum of ~~ten (10)~~ five (5) years of service on
22 and after the member's fifty-fifth birthday.

23 (b)(1) However, the annuity otherwise payable, as provided in § 24-5-
24 115, shall be reduced eight-tenths of one percent (0.8%) for each of the first
25 sixty (60) months, or fraction thereof, that the early retirement date
26 precedes the earliest date that the member could retire without a reduction in
27 the annuity.

28 (2) The annuity shall be reduced three-tenths of one percent
29 (0.3%) for each of the next sixty (60) months, or fraction thereof, that the
30 early retirement date precedes the earliest date that the member could retire
31 without a reduction in the annuity."

32

33 SECTION 17. Arkansas Code § 24-5-118 (b) is amended to read as follows:

34 "(b)(1) If a member has accrued ~~ten (10)~~ five (5) years of creditable
35 service but dies before he has retired or become eligible to retire and to
36 exercise an option, his beneficiary may elect either to withdraw the deceased

1 member's accumulated contributions, with interest, or to leave the
2 contributions on deposit and, on the earliest date the deceased member would
3 have become eligible for voluntary retirement, with the creditable service at
4 the date of death, exercise either Option A or Option B and receive the
5 annuity applicable under the chosen option. However, the annuity paid or
6 payable to the beneficiary electing Option A shall be for not more than one
7 hundred twenty (120) months.

8 (2) If the member's named beneficiary elects Option A and dies
9 before the end of the one hundred twenty-month period, the annuity reserve for
10 the annuity for the remainder of the one hundred twenty-month period shall be
11 paid in a lump sum to the beneficiary's estate.

12 (3) If the member's named beneficiary elects Option B and dies
13 before the annuity payments have amounted to the sum of the member's
14 accumulated contribution account at the date of the first annuity payment, the
15 difference between the benefits received by the beneficiary and the
16 contribution account shall be paid in a lump sum to the beneficiary's estate."

17

18 SECTION 18. Arkansas Code 24-6-211 is amended to read as follows:

19 ~~§~~24-6-211. Eligibility for benefits - Mandatory retirement.

20 (a) A member shall be separated from Department of Arkansas State
21 Police employment the first day of the calendar month next following the month
22 in which he attains age sixty-five (65) years.

23 (b) If, upon his separation from department employment, the member has
24 ~~ten (10)~~ five (5) or more years of ~~credited~~ actual service, he shall receive a
25 pension provided for in ~~§~~ 24-6-214. ~~§~~

26

27 SECTION 19. Arkansas Code 24-6-212 is amended to read as follows:

28 ~~§~~24-6-212. Eligibility for benefits - Voluntary retirement.

29 (a)(1) Any member who has acquired twenty (20) or more years of
30 credited service, or any member who has attained age fifty (50) years and has
31 acquired ~~ten (10)~~ five (5) or more years of ~~credited~~ actual service, may
32 voluntarily retire upon his written application filed with the Board of
33 Trustees of the State Police Retirement System.

34 (2) This application shall set forth at what time, not less than
35 thirty (30) days nor more than ninety (90) days subsequent to the execution
36 and filing thereof, he desires to be retired.

1 (b) Upon his retirement, he shall receive a pension provided for in §
2 24-6-214. »

3

4 SECTION 20. Arkansas Code 24-6-213 is amended to read as follows:

5 §24-6-213. Eligibility for benefits - Disability retirement.

6 (a)(1)(A) Upon application filed with the Board of Trustees of the
7 State Police Retirement System by a member or by the Director of the
8 Department of Arkansas State Police on behalf of a member, a member who is in
9 the employ of the Department of Arkansas State Police, who has ~~ten (10)~~ five
10 (5) or more years of ~~credited~~ actual service, and who becomes totally and
11 permanently incapacitated for duty in the employ of the department by reason
12 of a personal injury or disease may be retired by the board, but only after a
13 medical examination of the member.

14 (B) This examination shall be made by or under the direction of a
15 medical committee consisting of three (3) physicians, one of whom shall be
16 selected by the board, one by the member, and the third by the first two (2)
17 physicians so named if the medical committee reports to the board, by majority
18 opinion in writing, that the member is physically or mentally incapacitated
19 for duty in the employ of the department, that the incapacity will probably be
20 permanent, and that the member should be retired.

21 (2) The ~~ten (10)~~ five (5) years of service requirement contained
22 in this subsection (a) shall not apply to a member whom the board finds to be
23 in receipt of workers' compensation for his disability arising solely and
24 exclusively out of and in the course of his employment with the department.

25 (b)(1) Upon his retirement on account of disability as provided in
26 subsection (a) of this section, a member shall receive a disability pension
27 computed according to § 24-6-214.

28 (2) However, his disability pension shall not be less than twenty
29 percent (20%) of his final average salary and shall be subject to subsections
30 (c), (d), and (e) of this section.

31 (c)(1) At least once each year during the first five (5) years
32 following a member's retirement on account of disability and at least once in
33 every three-year period thereafter, the board may, and upon the retirant's
34 application shall, require any disability retirant who has not attained age
35 fifty (50) years to undergo a medical examination to be made by or under the
36 direction of a physician designated by the board.

1 (2) If the retirant refuses to submit to a medical examination in
2 any such period, his disability pension may be suspended by the board until
3 his withdrawal of his refusal.

4 (3) If his refusal continues for one (1) year, all his rights in
5 and to a disability pension may be revoked by the board.

6 (4) If, upon the medical examination of the retirant, the
7 physician reports to the board that the retirant is physically capable of
8 performing the duties of the rank held by him at the time of his retirement,
9 the retirant shall be returned to the employ of the department, and his
10 disability pension shall be terminated.

11 (d)(1) Upon a disability retirant's return to the employ of the
12 department as provided in subsection (c) of this section, his credited service
13 at the time of his retirement shall be restored to his credit.

14 (2) He shall be given service credit for the period he was
15 receiving a disability pension if, within that period, he was in receipt of
16 workers' compensation on account of his department employment.

17 (e) In the event a disability retirant who has not attained the age of
18 fifty (50) years performs personal services in an occupation, business, or
19 employment, his disability pension shall be reduced so that the sum of his
20 disability pension and the compensation received by him from the occupation,
21 business, or employment shall not exceed his annual rate of salary at the time
22 of his retirement."

23

24 SECTION 21. Arkansas Code 24-6-214 is amended to read as follows:

25 §24-6-214. Benefits generally.

26 (a) Upon his retirement as provided in this subchapter, a member shall
27 receive a straight life pension equal to the following sum: Two and nine
28 hundred forty-nine thousandths percent (2.949%) of his final average salary
29 multiplied by the number of years, and any fraction of a year, of his credited
30 service not to exceed twenty (20) years, plus the sum of two and three hundred
31 fifty-nine thousandths percent (2.359%) of his final average salary multiplied
32 by the number of years, and any fraction of a year, of his credited service in
33 excess of twenty (20) years but not in excess of twenty-five (25) years, plus
34 one and eighteen hundredths percent (1.18%) of his final average salary
35 multiplied by the number of years, and any fraction of a year, of his credited
36 service in excess of twenty-five (25) years but not in excess of thirty (30)

1 years.

2 (b)(1) In the event a member who has acquired twenty (20) years or more
3 of credited service retires prior to his attainment of age fifty (50) years,
4 as provided in this subchapter, his pension, as provided for in subsection (a)
5 of this section, shall be reduced one-half of one percent (0.5%) multiplied by
6 the number of completed months in the period from the date he requests his
7 pension to begin to the date he would have attained age fifty (50) years.

8 (2) In the event a member with ~~ten (10)~~ five (5) years or more of
9 credited service in the system ceases to be employed as a state police officer
10 prior to reaching fifty (50) years of age and does not withdraw his
11 accumulated employee contributions to the State Police Retirement System, the
12 member shall be entitled to receive a pension upon reaching fifty (50) years
13 of age, computed in the same manner as the pension of other retirants under
14 the system.

15 (3) Any member may elect to withdraw his accumulated contributions to
16 the system at the time of terminating employment as a state police officer and
17 to waive any pension rights the member may have earned in the system."
18

19 SECTION 22. Arkansas Code 24-3-201 (a)(2), concerning benefits
20 generally in the Public Employees Retirement System, is amended to read as
21 follows:

22 "(2) At the time of his separation from employment and at the time so
23 specified for his retirement, the member must have attained normal retirement
24 age and must have *five (5) or more years of ~~credited~~ actual service, except*
25 *for members of the General Assembly, who must have ten (10) or more years of*
26 *credited service."*

27
28 SECTION 23. Arkansas Code 24-3-206 (a), concerning benefit provisions
29 under the Public Employees Retirement System, is amended to read as follows:

30 (a) A member who terminates named plan employment before attaining his
31 normal retirement age, for a reason other than death or early retirement or
32 disability retirement, shall be entitled to an annuity computed in accordance
33 with the provisions of subsection (b) of this section as it provides at time
34 of last termination of employment, subject to the member's satisfying all of
35 the following conditions:

36 (1)(A) *Except for members of the General Assembly, who must have at*

1 least ten (10) years of credited service, the member has five (5) or more
2 years of total ~~credited~~ actual service with named plans or with reciprocal
3 systems under the provisions of §§ 24-2-401 - 24-2-405 if, in establishing the
4 minimum total credited service, periods of credited service covering the same
5 calendar time shall be counted only once. However, both service in the
6 Arkansas Public Employees' Retirement System as a member of the General
7 Assembly and service in another reciprocal system during the same period of
8 time may be counted to meet the service requirements for benefits from the
9 reciprocal systems, subject to the following:

10 (i) The provisions of § 24-3-301 may not be used to meet the
11 service requirements; and

12 (ii) The benefit payable by a reciprocal system will be based on
13 the credited service in that system and on the final average pay under that
14 system.

15 (B) If a member has fewer than five (5) actual years of service
16 credited in a reciprocal system, then final average pay means the monthly
17 average of pay to him during his total years of service in that system;

18 (2) The member lives to his annuity starting date;

19 (3) The member makes written application for retirement and payment of
20 the annuity to the plan on or after the date which is ninety (90) days before
21 the date he attains his normal retirement age;

22 (4) The annuity starting date shall be the first day of the calendar
23 month next following the later of either the attainment of normal retirement
24 age or receipt of the application; and

25 (5) Upon termination of public safety service with all Arkansas
26 governmental units, a public safety employee whose public safety service was
27 covered at different times by the Arkansas Public Employees' Retirement System
28 and by the Arkansas Local Police and Fire Retirement System shall receive
29 retirement benefits based upon public safety service covered by either system
30 if all of the following conditions are satisfied:

31 (A) Public safety service covered by the Arkansas Public
32 Employees' Retirement System means service as a public safety member as
33 defined in § 24-3-102; and

34 (B) The total of public safety service credit in the Arkansas
35 Public Employees' Retirement System and the Arkansas Local Police and Fire
36 Retirement System is at least twenty (20) years, provided the provisions of §

1 24-3-301(b) are not used to meet the service requirements; and

2 (C) The benefit payable by each system shall be based upon the
3 service credit with that system, the benefit program the system had in effect
4 at the time the member terminated service covered by the system, and his
5 service and pay covered by the system while the service was being rendered. 2

6

7 SECTION 24. Arkansas Code 24-3-207, concerning benefit provisions under
8 the Public Employees Retirement System, is amended to read as follows:

9 (a)(1) Any member or former member with sufficient years of credited
10 service to qualify for a vested termination annuity who has not attained his
11 normal retirement age may retire with an early annuity provided for in
12 subsection (b) of this section upon his written application to the plan
13 setting forth at what time, not less than thirty (30) days nor more than
14 ninety (90) days subsequent to the execution and filing of his application, he
15 desires to be retired.

16 (2) The member or former member eligible for a vested termination
17 annuity must have at least five (5) years of ~~credited~~ actual service and be
18 *within ten (10) years of normal retirement age, except for members of the*
19 *General Assembly, who must have at least ten (10) years of credited service*
20 *and be within ten (10) years of normal retirement age."*

21

22 SECTION 25. Arkansas Code 24-3-208 (a), concerning benefit provisions
23 under the Public Employees Retirement System, is amended to read as follows:

24 "(a)(1)(A) *Except for members of the General Assembly who need at least*
25 *ten (10) years of credited service, any active member with five (5) or more*
26 *years of ~~credited~~ actual service, including credited service for at least*
27 *eighteen (18) of the twenty-four (24) calendar months immediately preceding*
28 *his disability, who becomes totally and permanently physically or mentally*
29 *incapacitated for any suitable job or position as an employee as a result of a*
30 *personal injury or disease may be retired by the board of trustees upon*
31 *written application filed with the board by or on behalf of the member.*

32 (B) This may take place only if, after a medical examination of
33 the member made by or under the direction of a physician or physicians
34 designated by the board, the physician reports to the board in writing that:

35 (i) The member is physically or mentally totally incapacitated
36 for any suitable job or position;

1 (ii) The incapacity will probably be permanent; and

2 (iii) That the member should be retired.

3 (2) The disability annuity shall be effective the first day of the
4 calendar month next following the later of either his termination of active
5 membership or thirty (30) days after the date the written application is filed
6 with the board.✕

7

8 SECTION 26. Arkansas Code 24-2-502 (a), concerning the purchase of
9 credit for military service, is amended to read as follows:

10 (a) Any person who is or was a member of a state-supported retirement
11 system in this state and who was not receiving benefits under the system on
12 July 9, 1975, shall be entitled to purchase credited service in the system for
13 a period not to exceed five (5) years for service rendered by the member in
14 the armed forces of the United States prior to the member's employment in a
15 position covered by a state-supported retirement system, but only if the
16 person:

17 (1) Has ~~ten (10)~~ five (5) years of ~~credited~~ actual service with
18 the retirement system;

19 (2) Received an honorable discharge from the armed forces;

20 (3) Is not receiving federal military service retirement pay
21 based upon nineteen (19) or more years of active duty, but disability federal
22 retirement pay shall not disqualify a member from purchasing credit; and

23 (4)(A) For the first three (3) years of credited service,
24 contributes to the member's deposit account a sum of money equal to the amount
25 he would have contributed to the account had he been a member during his term
26 of military service. This amount shall be based upon his monthly contributions
27 at the time he first became a member of the retirement system and interest
28 thereon at the rate of six percent (6%), together with an amount equal to the
29 employer's matching contribution and interest thereon at the rate of six
30 percent (6%), which interest shall commence January 1, 1976, or six (6) months
31 after eligibility, whichever is later; and

32 (B) For the fourth and fifth year of credited service,
33 contributes to the members' deposit account a sum of money equal to the amount
34 he would have contributed to the account had he been a member during his term
35 of military service. This amount shall be based upon:

36 (i) His salary at the time he first became a member

1 of the retirement system;

2 (ii) The employer's contribution in effect at the
3 time he first became eligible to purchase the military service; and

4 (iii) Interest thereon on both the employee's and
5 employer's contributions at the rate of six percent (6%), which interest shall
6 commence January 1, 1976, or six (6) months after eligibility, whichever is
7 later.✕

8

9 SECTION 27. No benefit enhancement provided for by this act shall be
10 implemented if it would cause the publicly supported retirement systems
11 unfunded actuarial accrued liabilities to exceed a thirty (30) year
12 amortization. No benefit enhancement provided for by this act shall be
13 implemented by any publicly supported system which has unfunded actuarial
14 accrued liabilities being amortized over a period exceeding thirty (30) years
15 until the unfunded actuarial accrued liability is reduced to a level less than
16 the standards prescribed by § 24-1-101, et seq.

17

18 SECTION 28. The provisions of this act shall become effective July 1,
19 1998.

20

21 SECTION 29. All provisions of this act of a general and permanent
22 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
23 Code Revision Commission shall incorporate the same in the Code.

24

25 SECTION 30. If any provision of this act or the application thereof to
26 any person or circumstance is held invalid, such invalidity shall not affect
27 other provisions or applications of the act which can be given effect without
28 the invalid provision or application, and to this end the provisions of this
29 act are declared to be severable.

30

31 SECTION 31. All laws and parts of laws in conflict with this act are
32 hereby repealed.

33

34 /s/Hopkins

35

36 APPROVED: 4-02-97