

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
4
5 By: Senator Hopkins

A Bill

ACT 318 OF 1997
SENATE BILL 114

For An Act To Be Entitled

9 "AN ACT TO AMEND ARKANSAS CODE § 24-4-601 AND § 24-3-201(e)
10 TO INCREASE THE RETIREMENT BENEFIT MULTIPLIER FOR EACH
11 YEAR OF CREDITED SERVICE IN THE ARKANSAS PUBLIC EMPLOYEES'
12 RETIREMENT SYSTEM (PERS), CONTRIBUTORY AND
13 NONCONTRIBUTORY; TO PROVIDE FOR AN INCREASE IN THE BENEFIT
14 PAYMENTS TO CURRENT RETIRANTS AND BENEFICIARIES OF THE
15 ARKANSAS PUBLIC EMPLOYEES' RETIREMENT SYSTEM; TO DECLARE
16 AN EMERGENCY; AND FOR OTHER PURPOSES."

Subtitle

17
18
19 "TO INCREASE THE BENEFIT MULTIPLIER FOR
20 EACH YEAR OF CREDITED SERVICE IN THE
21 PERS CONTRIBUTORY AND NONCONTRIBUTORY
22 SYSTEMS AND TO INCREASE BENEFITS FOR
23 CURRENT RETIRANTS AND BENEFICIARIES IN
24 PERS."

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

27
28 SECTION 1. Arkansas Code § 24-4-601 is amended to read as follows:

29 "24-4-601. Straight life annuity generally.

30 ~~_____ (a) Beginning July 1, 1995 1997, any member who retires, as provided in~~
31 ~~§§ 24-4-507 - 24-4-512, shall receive a straight life annuity equal to one and~~
32 ~~nine hundred ninety-two thousandths percent (1.992%) two and five hundredths~~
33 ~~percent (2.05%) of his average compensation multiplied by the number of years,~~
34 ~~and fraction of a year, of credited service with the Arkansas Public~~
35 ~~Employees' Retirement System.~~

36 ~~_____ (b) Those members of the system who have chosen to place themselves~~

1 ~~under the noncontributory provisions of §§ 24-3-101 - 24-3-105(a), 24-3-201 -~~
 2 ~~24-3-210, 24-3-211 [repealed], 24-3-212 - 24-3-215, 24-3-301 - 24-3-303, and~~
 3 ~~24-3-401 - 24-3-415 may be allowed to change their election back to the~~
 4 ~~contributory provisions of this act subject to the following conditions:~~

5 ~~_____ (1) The member has not, prior to July 1, 1979, retired from the system;~~

6 ~~_____ (2) The member signs a statement, to be furnished by the system, of the~~
 7 ~~change of election, stating that the removal of the six thousand six hundred~~
 8 ~~dollar (\$6,600) limitation on average compensation is the reason for the~~
 9 ~~change;~~

10 ~~_____ (3) The change of election is made officially with the system no later~~
 11 ~~than July 1, 1980; and~~

12 ~~_____ (4) The member pays directly to the system in one (1) lump sum the~~
 13 ~~contributions on his earnings that would have been paid had he remained under~~
 14 ~~the contributory provisions of the system."~~

15

16 SECTION 2. Arkansas code § 24-3-201(e), regarding the amount of the
 17 monthly annuity benefits provisions under the Public Employees' Retirement
 18 System, is amended to read as follows:

19 "(e)(1) Upon a member's retirement, he shall receive an annuity for
 20 life equal to the total of the following amounts:

21 (A) For each year of credited service in the Arkansas
 22 Public Employees' Retirement System resulting from employment in a position
 23 covered at any time by social security or another federal retirement plan
 24 supported wholly or in part by employer contributions, ~~one and sixty-five~~
 25 ~~hundredths percent (1.65%)~~ one and seventy hundredths percent (1.70%) of his
 26 final average pay plus, for each year of credited service in the Arkansas
 27 Public Employees' Retirement System resulting from employment in a position
 28 never so covered, ~~one and nine hundred ninety-two thousandths percent (1.992%)~~
 29 two and five hundredths percent (2.05%) of his final average pay;

30 (B) For each year of credited service in the State Police
 31 Retirement System, one and fifty-five hundredths percent (1.55%) of his final
 32 average pay; and

33 (C)(i) For a member of the General Assembly, a monthly
 34 annuity equal to thirty-five dollars (\$35.00) times the number of years of
 35 actual service as a member of the General Assembly; and

36 (ii) For a member of the General Assembly who served

1 as Speaker of the House of Representatives or President Pro Tempore of the
 2 Senate, a monthly annuity equal to forty dollars (\$40.00) times the total
 3 number of years of actual service as a member of the General Assembly.

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

10 (i) Social security's minimum age for an immediate
 11 retirement benefit; and

12 (ii) Age sixty-two (62),
 13 then that member of the Arkansas Public Employees' Retirement System shall
 14 receive a temporary annuity equal to ~~three hundred forty-two thousandths~~
 15 ~~percent (0.342%)~~ thirty five hundredths percent (.35%) of his final average
 16 pay for each year of such credited service.

17 (B) A similar member of the State Police Retirement System
 18 shall receive a temporary annuity equal to three hundred twenty-two
 19 thousandths percent (0.322%) of his final average pay for each year of
 20 credited service.

21 (C) The temporary annuity shall terminate at the end of the
 22 calendar month in which the earliest of the following events occurs:

23 (i) The member's death;

24 (ii) His attainment of the social security minimum
 25 age; or

26 (iii) His attainment of age sixty-two (62).

27 (3) It is considered sound public policy that retirement pay not
 28 exceed working pay except for increases after retirement caused by inflation.
 29 Accordingly, at the time of retirement, the total of named plan annuities
 30 resulting from employment in a position also covered by social security shall
 31 not exceed his final average pay.

32 (4) If no temporary annuity is payable as provided in this
 33 subsection, or after such temporary annuity has terminated, and if such member
 34 has at retirement any credited service for any period of time prior to July 1,
 35 1991, then the future payments of such annuity for life shall not be less than
 36 they would have been under the provisions that were in effect on July 1, 1990,

1 for this subsection, ~~the provisions of A 24-3-102(8), and A 24-4-101(17)~~ plus
2 a corresponding increase for any benefit enhancements that have been enacted
3 since July 1, 1991."

4

5 SECTION 3. On July 1, 1997, the monthly retirement benefit payable to
6 retirants and beneficiaries of the Arkansas Public Employees' Retirement
7 System, who retired on or before June 1, 1997, shall be increased by three
8 percent (3%) of the benefit payable on June 1, 1997.

9

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

13

14 SECTION 5. If any provisions of this act or the application thereof to
15 any person or circumstance is held invalid, the invalidity shall not affect
16 other provisions or applications of the act which can be given effect without
17 the invalid provisions or application, and to this end the provisions of this
18 act are declared to be severable.

19

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

22

23 SECTION 7. Emergency. It is hereby found and determined by the
24 Eighty-First General Assembly of the State of Arkansas that retirement
25 benefits payable to current and future retirants and beneficiaries of the
26 Arkansas Public Employees' Retirement System are inadequate; that the current
27 and future retirant and beneficiary payments should be increased as soon as
28 possible in order to relieve this inequity; and that effective fiscal
29 administration of the System will be aided by implementing those increases at
30 the same time as the State's fiscal year begins. Therefore, in order to
31 promote sound fiscal administration in State government, an emergency is
32 hereby declared to exist, and this act being necessary for the immediate
33 preservation of the public peace, health, and safety, shall become effective
34 July 1, 1997.

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APPROVED:3-03-97