

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

A Bill

ACT 347 OF 1997
HOUSE BILL 1154

4
5 By: Representative Lynn
6
7

For An Act To Be Entitled

8
9 "AN ACT TO AMEND VARIOUS SECTIONS OF TITLE 24, CHAPTER 5,
10 OF THE ARKANSAS CODE OF 1987, ANNOTATED, TO REDUCE THE
11 MINIMUM SERVICE TIME TO FIVE YEARS FOR MEMBERS TO VEST
12 UNDER THE ARKANSAS STATE HIGHWAY EMPLOYEES RETIREMENT
13 SYSTEM; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES."

Subtitle

14
15
16 "TO MAKE THE MINIMUM SERVICE TIME FIVE
17 YEARS FOR MEMBERS TO VEST UNDER THE
18 HIGHWAY EMPLOYEES RETIREMENT SYSTEM"
19

20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
21

22 SECTION 1. Arkansas Code § 24-5-107 is amended to read as follows:

23 "24-5-107. Membership.

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

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

31 (c) Any member with not less than ~~ten (10)~~ five (5) years of creditable
32 service whose employment with the department is terminated for any reason may
33 leave his contributions in the Arkansas State Highway Employees' Retirement
34 System Fund and thereafter be entitled to retirement benefits as otherwise
35 provided in this chapter."
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2 SECTION 2. Arkansas Code § 24-5-110(b) is amended to read as follows:

3 "(b)(1) The employee shall pay into the system such necessary
4 contributions and interest as may be prescribed by the Board of Trustees of
5 the Arkansas State Highway Employees' Retirement System within a period of ~~ten~~
6 ~~(10)~~ five (5) years.

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

10

11 SECTION 3. Arkansas Code § 24-5-112 is amended to read as follows:

12 "24-5-112. Eligibility for benefits - Voluntary retirement.

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

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

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

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

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

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

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

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

33

34 SECTION 4. Arkansas Code § 24-5-113(a) is amended to read as follows:

35 "(a) A member shall be eligible for disability retirement benefits
36 after ~~ten (10)~~ five (5) or more years of creditable service in the Arkansas

1 State Highway and Transportation Department, but no member shall be eligible
 2 to receive benefits for a disability incurred prior to his becoming a member
 3 of the Arkansas State Highway Employees' Retirement System."

4

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

6 "24-5-114. Eligibility for benefits - Early retirement.

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

10 (b)(1) However, the annuity otherwise payable, as provided in
 11 § 24-5-115, shall be reduced eight-tenths of one percent (0.8%) for each of
 12 the first sixty (60) months, or fraction thereof, that the early retirement
 13 date precedes the earliest date that the member could retire without a
 14 reduction in the annuity.

15 (2) The annuity shall be reduced three-tenths of one percent
 16 (0.3%) for each of the next sixty (60) months, or fraction thereof, that the
 17 early retirement date precedes the earliest date that the member could retire
 18 without a reduction in the annuity."

19

20 SECTION 6. Arkansas Code § 24-5-118(b) is amended to read as follows:

21 "(b)(1) If a member has accrued ~~ten (10)~~ five (5) years of creditable
 22 service but dies before he has retired or become eligible to retire and to
 23 exercise an option, his beneficiary may elect either to withdraw the deceased
 24 member's accumulated contributions, with interest, or to leave the
 25 contributions on deposit and, on the earliest date the deceased member would
 26 have become eligible for voluntary retirement, with the creditable service at
 27 the date of death, exercise either Option A or Option B and receive the
 28 annuity applicable under the chosen option. However, the annuity paid or
 29 payable to the beneficiary electing Option A shall be for not more than one
 30 hundred twenty (120) months.

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

35 (3) If the member's named beneficiary elects Option B and dies
 36 before the annuity payments have amounted to the sum of the member's

1 accumulated contribution account at the date of the first annuity payment, the
 2 difference between the benefits received by the beneficiary and the
 3 contribution account shall be paid in a lump sum to the beneficiary's estate."
 4

5 SECTION 7. All provisions of this act of a general and permanent nature
 6 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
 7 Revision Commission shall incorporate the same in the Code.
 8

9 SECTION 8. If any provision of this act or the application thereof to
 10 any person or circumstance is held invalid, such invalidity shall not affect
 11 other provisions or applications of the act which can be given effect without
 12 the invalid provision or application, and to this end the provisions of this
 13 act are declared to be severable.
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15 SECTION 9. All laws and parts of laws in conflict with this act are
 16 hereby repealed.
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18 SECTION 10. EMERGENCY. It is found and determined by the General
 19 Assembly of the State of Arkansas that the current trend in employment for
 20 workers in the United States is for employees to work for shorter periods of
 21 time and to work for more than one employer during their working years; that
 22 the trend for retirement systems in the United States is to require shorter
 23 vesting periods for employees in order to adjust to this reality in U. S.
 24 employment patterns; that the current Highway Employees Retirement System law
 25 requires a ten-year vesting period; and that it is critically necessary for
 26 the Highway Employees Retirement System law to be amended to meet these
 27 changing patterns in employee benefits within the United States as soon as
 28 possible and this act should have immediate effect. Therefore an emergency is
 29 declared to exist and this act being immediately necessary for the
 30 preservation of the public peace, health and safety shall become effective on
 31 the date of its approval by the Governor. If the bill is neither approved nor
 32 vetoed by the Governor, it shall become effective on the expiration of the
 33 period of time during which the Governor may veto the bill. If the bill is
 34 vetoed by the Governor and the veto is overridden, it shall become effective
 35 on the date the last house overrides the veto.
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