

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

Act 610 of the Regular Session

As Engrossed: H2/21/07 H3/9/07

A Bill

1 State of Arkansas
2 86th General Assembly
3 Regular Session, 2007

HOUSE BILL 1098

4
5 By: Representative Harris
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7

For An Act To Be Entitled

8
9 AN ACT CONCERNING THE ARKANSAS LOCAL POLICE AND
10 FIRE RETIREMENT SYSTEM TO CHANGE THE UNIFORMED
11 CONTRIBUTION RATE FOR VOLUNTEER LOCATIONS AND TO
12 CHANGE THE AMOUNT OF PRIOR SERVICE RECOGNIZED FOR
13 NEW VOLUNTEER DEPARTMENTS; AND FOR OTHER
14 PURPOSES.
15

Subtitle

16
17 CONCERNING THE ARKANSAS LOCAL POLICE AND
18 FIRE RETIREMENT SYSTEM TO CHANGE THE
19 UNIFORMED CONTRIBUTION RATE FOR
20 VOLUNTEER LOCATIONS AND TO CHANGE THE
21 AMOUNT OF PRIOR SERVICE RECOGNIZED FOR
22 NEW VOLUNTEER DEPARTMENTS.
23
24

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

27 *SECTION 1. Arkansas Code § 24-10-405 is amended to read as follows:*

28 *24-10-405. Employer accumulation account - Contributions.*

29 *(a) The employer accumulation account as created by this section shall*
30 *be the account in which shall be accumulated the contributions made by*
31 *employers for annuities and from which shall be made transfers as provided in*
32 *this chapter.*

33 *(b) When paid to the Arkansas Local Police and Fire Retirement System,*
34 *the employer contributions provided for in this section shall be credited to*
35 *the employer accumulation fund account of the employer making the*



1 contributions.

2 (c) When an annuity first becomes due and payable to or on behalf of a
3 member, there shall be transferred to the retirement reserve account from his
4 or her employer's account in the employer accumulation account the difference
5 between the reserve for the annuity and the accumulated contributions
6 standing to his or her credit in the members' deposit account at the time the
7 annuity first becomes due and payable.

8 (d)(1) A separate account shall be maintained in the employer
9 accumulation account for each employer.

10 (2) No paid service employer shall be responsible for the
11 employer accumulation account liabilities of another paid service employer.

12 (e) Each paid service employer's contributions to the system shall be
13 the total of the contribution amounts provided for in subsections (f) and (g)
14 of this section, and the contributions shall be subject to the provisions of
15 subsection (h) of this section.

16 (f)(1) For each paid service employer, the actuary shall annually
17 compute the rate of contributions, expressed as a percent of active member
18 pays, which will cover the benefit costs of its employees participating in
19 the system.

20 (2) The actuarial valuation determining the contribution rate
21 shall be based upon such financial assumptions as shall be established by the
22 Board of Trustees of the Arkansas Local Police and Fire Retirement System
23 after consulting with the actuary.

24 (3) The board shall annually certify to the governing body of
25 each employer the contribution rate so determined, and each employer shall
26 pay contributions based on that rate to the system during the employer's next
27 fiscal year, which begins six (6) months or more after the date of the board
28 certification.

29 (4) The payments shall be made in such manner and form, and in
30 such frequency, and shall be accompanied by such supporting data, as the
31 board shall determine.

32 (5) When received, the payments shall be credited to the
33 employer's account in the employer accumulation account.

34 (g) Each employer shall provide its share as determined by the board
35 of the administrative expenses of the system and shall pay that amount to the
36 system to be credited to the income-expense account.

1 (h)(1) Except under subdivision (h)(2) of this section, the paid
2 service employer's total contributions to the system, expressed as a percent
3 of active member pays, in any employer fiscal year beginning with the second
4 fiscal year that the political subdivision is an employer shall not exceed
5 its total contributions for the immediately preceding fiscal year, expressed
6 as a percent of active member pays, by more than one percent (1%).

7 (2) However, an increase in the paid service employer's
8 contributions to the system may exceed the limit of one percent (1%) per year
9 imposed under subdivision (h)(1) of this section if the board certifies to
10 the governing body of each paid service employer that the increase in the
11 paid service employer's contribution rate is the direct result of increased
12 benefit costs mandated by changes in the law made by ~~the Eighty-fourth~~
13 ~~regular session~~ of the General Assembly.

14 (i)(1) For each volunteer service employer, the actuary shall annually
15 compute the rate of contributions that will cover the benefit costs of its
16 employees participating in the system as determined by policy established by
17 the Board of Trustees of the Arkansas Local Police and Fire Retirement
18 System.

19 (2) The actuarial valuation determination of the contribution
20 rate shall be based upon financial assumptions established by the board
21 following consultation with the actuary.

22 (3) The board shall certify annually to the governing body of
23 each employer the determined contribution rate, and each employer shall pay
24 contributions based on the determined rate to the system during the
25 employer's next fiscal year that begins six (6) months or more from the date
26 of the board certification.

27 (4) The board shall determine required supporting data and the
28 manner, form, and frequency in which payments shall be made.

29 (5) The board shall establish necessary additional policies
30 regarding volunteer service employers that are required to meet the financial
31 objective of the system under this subchapter.

32
33 SECTION 2. Arkansas Code § 24-10-501 is amended to read as follows:

34 24-10-501. Paid and volunteer service.

35 (a)(1) The Board of Trustees of the Arkansas Local Police and Fire
36 Retirement System shall fix and determine by rules and regulations the number

1 of years and months of paid service to be credited to each member for his or
2 her employment as an employee.

3 (2) In no case shall one (1) month of paid service credit be
4 credited for any one (1) calendar month after the operative date for which an
5 employee's pay is less than the minimum amount specified in this chapter, nor
6 shall more than one (1) year of service be credited to any member for all
7 covered employment rendered by him or her in any one (1) calendar year,
8 unless the service credit is volunteer service credited under another
9 employer as provided for in subsection (b) of this section.

10 (b)(1) Each employer shall regularly report to the board the calendar
11 months of covered employment by each of its members that the employer wishes
12 to be credited to the member as volunteer service.

13 (2) The board shall credit the member with the volunteer
14 service, but in no case shall one (1) month of volunteer service be credited
15 for any one (1) calendar month for which a month of paid service can be
16 granted by the same employer, nor shall more than one (1) year of service be
17 credited for all covered employment rendered by him or her in any one (1)
18 calendar year with the same employer.

19 (3) Beginning January 1, 1999, the board may credit a member
20 both with volunteer service and with paid service when the member earns the
21 service credit simultaneously under different employers, except that he or
22 she shall be limited to earning volunteer service with only one (1) covered
23 employer at a time.

24 (c)(1) ~~Except for an employer covering volunteer service for future~~
25 ~~employment credit under subdivision (c)(3) of this section, not~~ Not later
26 than one (1) year from and after the date an employer covers its employees
27 and before the retirement of a member included in the employees so covered,
28 the employer shall certify to the board the periods of prior employment of
29 each of its members to be considered for credit as paid service and for
30 credit as volunteer service.

31 (2) Beginning January 1, 2008, employers shall be limited to
32 recognizing a maximum of four (4) years of prior volunteer service credit.

33 ~~(2)(3)~~ No prior employment service shall be so certified under
34 this subsection by an employer for any member unless he or she was employed
35 by the employer within the one-year period immediately preceding the date an
36 employer covers its employees and unless he or she is continuously employed

1 by the employer:

2 (A) From and after that date for one (1) year;

3 (B) Until his or her death; or

4 (C) Until his or her total and permanent disability,

5 whichever is earliest.

6 ~~(3)(A) Beginning January 1, 2004, at the option of an employer~~
7 ~~covering volunteer service only, the employer may cover its employees under~~
8 ~~the system with service credit from the effective date of the coverage~~
9 ~~forward into the future with service credit from and after the effective date~~
10 ~~of coverage.~~

11 ~~(B) An employee of an employer choosing coverage under~~
12 ~~this subdivision (e)(3) shall receive credited service for employment~~
13 ~~rendered from and after the effective date of coverage and shall receive no~~
14 ~~service credit for periods of prior employment or prior volunteer service.~~

15 ~~(C) An employer choosing coverage under this subdivision~~
16 ~~(e)(3) is not responsible for contributions to pay for periods of a member's~~
17 ~~prior employment or prior volunteer service.~~

18 ~~(D) An employer may choose to include an equal proportion~~
19 ~~of each employee's prior service in a portion that is twenty five percent~~
20 ~~(25%), fifty percent (50%), or seventy five percent (75%) of the prior~~
21 ~~service.~~

22 ~~(E) If an employer elects to include a portion of prior~~
23 ~~service, the employer shall be responsible to pay for that portion.~~

24 ~~(F) Each employee shall receive the same percentage of~~
25 ~~service prior to coverage as credited service.~~

26 (d) Anything contained herein to the contrary notwithstanding, not
27 later than June 30, 1995, an employer with employees who were not accruing
28 service credit because of the age-related limitation on credited service in
29 subsections (a) and (b) of this section in existence prior to July 28, 1995,
30 and who are or would accrue service credit without such limitations on
31 credited service, shall certify to the board the period or periods of
32 previous employment of each such employee to be considered for credited
33 service, and such previous employment shall be considered for credited
34 service, provided the employee pays to the Arkansas Local Police and Fire
35 Retirement System by December 31, 1995, the total member contributions he or
36 she would have contributed to the system had such an age-related limitation

