

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.

1 State of Arkansas  
2 83rd General Assembly  
3 Regular Session, 2001  
4

# A Bill

Act 67 of 2001  
SENATE BILL 63

5 By: Senator Faris  
6  
7

## For An Act To Be Entitled

9 AN ACT TO AMEND THE ADMINISTRATIVE ACCOUNTING  
10 PROVISIONS OF THE ARKANSAS PUBLIC EMPLOYEES'  
11 RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY; AND FOR  
12 OTHER PURPOSES.  
13

## Subtitle

14 AN ACT TO AMEND ADMINISTRATIVE  
15 ACCOUNTING PROVISIONS.  
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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21 SECTION 1. Arkansas Code 24-3-103 is amended to read as follows:

22 24-3-103. Financial objectives and actuarial valuation.

23 (a) The general financial objective of each Arkansas public employee  
24 retirement plan shall be to establish and receive contributions which,  
25 expressed as percentages of active member payroll, will remain approximately  
26 level from generation to generation of Arkansas citizens. More specifically,  
27 contributions received each year shall be sufficient both:

28 (1) To fully cover the costs of benefit commitments being made to  
29 members for their service being rendered in that year; and

30 (2) To make a level payment which, if paid annually over a  
31 reasonable period of future years, will fully cover the unfunded costs of  
32 benefit commitments for service previously rendered. Alternatively, if the  
33 costs of benefit commitments for service previously rendered are overfunded,  
34 ~~to the plan may~~ deduct a level payment which, if deducted annually over ~~twenty~~  
35 ~~(20) future years~~ a reasonable period of future years, will fully liquidate  
36 the overfunded portion of such costs.

1 (b) Each Arkansas public employee retirement plan shall cause an  
 2 actuarial valuation of the plan or fund to be made at least biennially, and  
 3 preferably annually, to determine how well the plan is meeting the objectives  
 4 set forth in subsection (a) of this section.

5 (c) The employer contribution rates to the named plans shall be as  
 6 follows:

7 (1) For the Arkansas Teacher Retirement System, twelve percent  
 8 (12%);

9 (2) For the Arkansas State Police Retirement System, twenty-two  
 10 percent (22%); and

11 (3) ~~For various divisions of the Arkansas Public Employees'~~  
 12 ~~Retirement System, as directed by the~~ The Board of Trustees of the Arkansas  
 13 Public Employees' Retirement System, shall establish ~~Employer~~ employer rates  
 14 ~~shall be adjusted~~ prospectively ~~on each July 1 year,~~ and the rates shall be  
 15 based on the actuary's determination of the rate required to fund the plan in  
 16 accordance with the objectives set forth in subsection (a) of this section.  
 17 The contribution rates shall be the rates determined by the annual actuarial  
 18 valuation.

19 (d) Subsection (c) of this section shall not be construed as affecting  
 20 in any way the existing methods of determining the years of credited service  
 21 for computing benefits or determining retirement eligibility.

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 23 SECTION 2. Arkansas Code 24-4-201 is amended to read as follows:

24 24-4-201. Arkansas Public Employees' Retirement System Fund - Creation  
 25 - ~~Division~~ System accounts.

26 (a)(1) There is established on the books of the Treasurer of State, the  
 27 Auditor of State, and the Director of the Department of Finance and  
 28 Administration a fund to be known as the Arkansas Public Employees' Retirement  
 29 System Fund.

30 (2) This fund shall consist of trust funds as provided by law and  
 31 shall be used for the payment of personal services, operating expenses,  
 32 investments, benefits, refunds, and for such other purposes as may be  
 33 authorized by law.

34 (b)(1) ~~The Arkansas Public Employees' Retirement System shall consist~~  
 35 ~~of two (2) divisions, namely, the State Division, for the participation of~~  
 36 ~~county employees, municipal employees, school employees, and certain other~~

1 ~~nonstate employees as defined in § 24-4-101.~~ In addition, the The Board of  
2 Trustees of the Arkansas Public Employees' Retirement System shall have the  
3 authority to establish ~~either~~ a division or divisions for the various  
4 participating employers as necessary to administer the System.

5 ~~(2) Separate accounting of the fund's transactions shall be~~  
6 ~~maintained for each division, showing the equities of each division in the~~  
7 ~~assets of the system.~~

8 ~~(3)~~(2) The retirement system accounts shall be the members'  
9 deposit account, the employers' accumulation account, the retirement reserve  
10 account, the income account, and such other accounts as the board shall  
11 establish from time to time.

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13 SECTION 3. [THE ARKANSAS CODE REVISION COMMISSION IS NOT REQUIRED TO  
14 CODIFY THIS SECTION.] No benefit enhancement provided for by this act shall  
15 be implemented if it would cause the publicly supported retirement system's  
16 unfunded actuarial accrued liabilities to exceed a thirty (30) year  
17 amortization. No benefit enhancement provided for by this act shall be  
18 implemented by any publicly supported system which has unfunded actuarial  
19 accrued liabilities being amortized over a period exceeding thirty (30) years  
20 until the unfunded actuarial accrued liability is reduced to a level less than  
21 the standards prescribed by Arkansas Code, Title 24.

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23 SECTION 4. EMERGENCY CLAUSE. It is found and determined by the Eighty-  
24 third General Assembly that for the effective administration of this act and  
25 to avoid undue harm to the members and benefit recipients of the Arkansas  
26 Public Employees Retirement System this act should become effective on July 1,  
27 2001. Therefore, an emergency is declared to exist and this act being  
28 immediately necessary for the preservation of the public peace, health, and  
29 safety shall become effective on July 1, 2001.

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32 APPROVED: 2/1/2001  
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