

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 803 of the Regular Session

1 State of Arkansas
2 86th General Assembly
3 Regular Session, 2007
4

As Engrossed: H3/23/07

A Bill

HOUSE BILL 1279

5 By: Representative Harris
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For An Act To Be Entitled

9 AN ACT TO TRANSFER ALL ARKANSAS LOCAL POLICE AND
10 FIRE RETIREMENT SYSTEM STAFF HIRED AFTER JANUARY
11 1, 1999, FROM THE ARKANSAS PUBLIC EMPLOYEES
12 RETIREMENT SYSTEM TO THE ARKANSAS LOCAL POLICE
13 AND FIRE RETIREMENT SYSTEM; AND FOR OTHER
14 PURPOSES.
15

Subtitle

16 TO TRANSFER ALL ARKANSAS LOCAL POLICE
17 AND FIRE RETIREMENT SYSTEM STAFF HIRED
18 AFTER JANUARY 1, 1999, FROM THE ARKANSAS
19 PUBLIC EMPLOYEES RETIREMENT SYSTEM TO
20 THE ARKANSAS LOCAL POLICE AND FIRE
21 RETIREMENT SYSTEM.
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25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
26

27 SECTION 1. Effective July 1, 2007, the retirement assets and accrued
28 time of all Arkansas Local Police and Fire Retirement System staff hired
29 after January 1, 1999, shall be transferred from the Arkansas Public
30 Employees Retirement System to the Arkansas Local Police and Fire Retirement
31 System.
32

33 SECTION 2. *Arkansas Code § 24-10-102 is amended to read as follows:*
34 *24-10-102. Definitions.*

35 *As used in this chapter:*



1 (1) "Accumulated contributions" means the total of all amounts
2 contributed by a member and standing to his or her credit in his or her
3 individual account in the Arkansas Local Police and Fire Retirement System,
4 together with regular interest thereon;

5 (2) "Actuarial equivalent" means a benefit of equal reserve
6 value, where "reserve" means the present value of all payments to be made on
7 account of any benefit based upon such reasonable rates of interest and
8 tables of experience as the system shall adopt from time to time;

9 (3)(A) "Actuary" means a qualified actuary with experience in
10 retirement plan financing.

11 (B) Membership in the American Academy of Actuaries shall
12 be sufficient for a person to be deemed a qualified actuary;

13 (4) "Age" means age on last birthday;

14 (5) "Annuity" means a monthly amount payable throughout the life
15 of a person or for a temporary period;

16 (6) "Beneficiary" means any person who is receiving or
17 designated by a member to receive a plan benefit, except a retirant;

18 (7) "Benefit program" means a schedule of benefits or benefit
19 formulas from which the amounts of benefits can be determined;

20 (8) "Board" means the board of trustees of the system;

21 (9) "Covered employment" means employment as a police officer or
22 firefighter in a position covered by the system;

23 (10)(A) "Credited service" means covered employment that is
24 creditable as service by the system and is the total of paid service and
25 volunteer service.

26 (B) Credited service cannot be both paid service and
27 volunteer service for the same period of time.

28 (11)(A) "Dependent child" means a child until his or her death,
29 his or her marriage, or his or her attainment of age eighteen (18), whichever
30 occurs first.

31 (B)(i) The age eighteen (18) maximum shall be extended as
32 long as the child continues uninterruptedly being a full-time student at an
33 accredited secondary school, college, or university, but in no event beyond
34 his or her attainment of age twenty-three (23).

35 (ii) The age eighteen (18) maximum shall also be
36 extended for any child who has been deemed physically or mentally incompetent

1 by an Arkansas court of competent jurisdiction or by the board for as long as
2 the incompetency exists;

3 (12) "Effective date" of the system means July 1, 1981;

4 (13)(A) "Employee" means any person regularly employed by a
5 political subdivision who receives remuneration from the political
6 subdivision for personal services rendered as a police officer or
7 firefighter.

8 (B) ~~The term "employee"~~ "Employee" shall not include any
9 person who acts for the political subdivision under contract or is paid on a
10 fee basis.

11 (C) "Employee" shall include any person regularly employed
12 by the administration of the system;

13 (14) "Employer" means any political subdivision that has its
14 eligible employees covered by the system or the Arkansas Local Police and
15 Fire Retirement System as employer of its administrative staff;

16 (15)(A) "Final average pay" means the monthly average of the
17 pays to an employee during the period of thirty-six (36) consecutive months
18 of credited service producing the highest monthly average, but the period
19 must be contained within the period of one hundred twenty (120) consecutive
20 months of credited service immediately preceding his or her separation from
21 covered employment.

22 (B) Should a member have fewer than thirty-six (36) months
23 of credited service, "final average pay" means the monthly average of pays to
24 him or her during his or her total months of credited service.

25 (C)(i) In any event, pays usable in determining final
26 average pay shall be limited by the test in subdivision (15)(C)(ii) of this
27 section, considering the final average pay period in four (4) contiguous
28 segments.

29 (ii)(a) Pays during any one (1) annual segment shall
30 be usable only to the extent that the pays do not exceed thirty-one percent
31 (31%) of the total pays in the final average pay period.

32 (b) However, if the final average pay period
33 is less than four (4) full years, the maximum usable thirty-one percent (31%)
34 shall be increased proportionately.

35 (D)(i) For the limited purposes of calculating final
36 average pay for disability retirement benefits under § 24-10-607, pay shall

1 include workers' compensation benefits received by the member.

2 (ii) However, the pay that is increased for any
3 month for the limited purposes of calculating this final average pay shall
4 not be greater than the current pay attached to the rank of the member;

5 (16)(A) "Firefighter" means any regular or permanent employee of
6 a fire department of a political subdivision, including a probationary
7 firefighter.

8 (B) The term "firefighter" shall not include any civilian
9 employee of a fire department or any person temporarily employed as a
10 firefighter during an emergency;

11 (17) "General Assembly" means the General Assembly of the state;

12 (18)(A) "Inflation index" means the Consumer Price Index for
13 Urban Wage Earners and Clerical Workers, U.S. City Average, as determined by
14 the United States Department of Labor and in effect January 1, 1981.

15 (B) Should the inflation index be restructured subsequent
16 to 1980 in a manner materially changing its character, the board after
17 receiving the advice of its actuary shall change the application of the
18 inflation index so that, as far as is practicable, the 1980 intent of the use
19 of the inflation index shall be continued;

20 (19) "Joint Committee on Public Retirement" means the Joint
21 Committee on Public Retirement and Social Security Programs created by §§ 10-
22 3-701 - 10-3-703, or any successor committee;

23 (20) "Member" means any police officer or firefighter included
24 in the membership of the system or a person regularly employed by the
25 administration of the system;

26 (21) "Normal retirement age" means the younger of the following
27 ages:

28 (A) Age fifty-five (55) if the member has at least twenty
29 (20) years of credited service;

30 (B) Age sixty (60) if the member has fewer than twenty
31 (20) years of credited service; or

32 (C) Any age if the member has twenty-eight (28) or more
33 years of credited service;

34 (22) "Operative date" of the system means January 1, 1983;

35 (23) "Paid service" is covered employment that is half-time
36 employment or more and that becomes credited service. For a calendar month in

1 1981 to become paid service, the police officer or firefighter must be paid
2 at least five hundred dollars (\$500) for that month's personal services as
3 police officer or firefighter. For any calendar year after 1981, the five
4 hundred dollars (\$500) monthly minimum shall be increased by any percentage
5 increase in the inflation index for the period from October 1980 to the
6 October immediately preceding the calendar year;

7 (24)(A) "Pay" means the recurring remuneration paid an employee
8 for personal services rendered by the employee in a position covered by the
9 system.

10 (B) Should a portion of an employee's remuneration be paid
11 him or her other than in cash, the cash value of the remuneration shall be
12 established by the system, in an amount not to exceed the amount the employee
13 is required to report for federal income tax purposes.

14 (C) In determining pay, no consideration shall be given
15 to:

- 16 (i) Special single-sum payments paid by an employer;
- 17 (ii) Employer contributions to any employee benefit
18 plan; or
- 19 (iii) Any other unusual or nonrecurring
20 remuneration;

21 (25)(A) "Police officer" means any regular or permanent employee
22 of a police department of a political subdivision, including a probationary
23 police officer.

24 (B) The term "police officer" shall not include any
25 civilian employee of a police department or any person temporarily employed
26 as a police officer during an emergency;

27 (26) "Political subdivision" means:

- 28 (A) Incorporated towns;
- 29 (B) Cities of the first class;
- 30 (C) Cities of the second class;
- 31 (D) Counties;
- 32 (E) Fire protection districts that maintain standards
33 established by the board;
- 34 (F) Rural fire protection corporations; and
- 35 (G) Suburban improvement districts;

36 (27) "Regular interest" means such reasonable rate or rates per

1 annum, compounded annually, as the board shall adopt;

2 (28) "Relief fund" means:

3 (A) Any police officers' pension and relief fund created
4 by state law, applicable to police officers, and covering one (1) or more
5 persons on December 31, 1982; or

6 (B) Any fire fighters' relief and pension fund created by
7 state law, applicable to firefighters, and covering one (1) or more persons
8 on December 31, 1982;

9 (29) "Retirant" means a former member receiving a plan annuity
10 by reason of having been a member;

11 (30) "Social security" means the federal social security old
12 age, survivors, and disability insurance program, as amended;

13 (31)(A) "Social security primary benefit" means a member's
14 benefit for age or for disability determined and payable under social
15 security, determined as of the date of his or her separation from covered
16 employment.

17 (B) Should a member so separate before being eligible for
18 a social security primary benefit with monthly payments commencing
19 immediately, the amount of his or her social security primary benefit shall
20 be equal to the social security disability benefit he or she would receive if
21 he or she were disabled at the time of separation;

22 (32) "State" means the State of Arkansas and includes all of its
23 duly constituted agencies;

24 (33) "System" means the Arkansas Local Police and Fire
25 Retirement System created by this chapter; and

26 (34) "Volunteer service" is covered employment that becomes
27 credited service and cannot be classified as paid service.

28
29 SECTION 3. Arkansas Code § 24-10-301(a) is amended to read as follows:

30 (a) The membership of the Arkansas Local Police and Fire Retirement
31 System shall include the following persons:

32 (1) If his or her employer had its firefighters covered by a
33 relief fund on the operative date, each person first employed as a
34 firefighter on or after the operative date shall become a member of this
35 system and not be a member of the relief fund;

36 (2) If his or her employer had its police officers covered by a

1 relief fund on the operative date, each person first employed as a police
2 officer on or after the operative date shall become a member of this system
3 and not be a member of the relief fund;

4 (3) If his or her employer did not have its firefighters covered
5 by a relief fund on the operative date, all persons employed as firefighters
6 on the date the employer covers firefighters under this subchapter shall
7 become members of the system as of that date, and each person first employed
8 as a firefighter thereafter shall become a member upon employment; ~~and~~

9 (4) If his or her employer did not have its police officers
10 covered by a relief fund on the operative date, all persons employed as
11 police officers on the date the employer covers police officers under this
12 subchapter shall become members of the system as of that date, and each
13 person first employed as a police officer thereafter shall become a member
14 upon employment; and

15 (5) The administrative staff of the Arkansas Local Police and
16 Fire Retirement System.

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18 SECTION 4. EMERGENCY CLAUSE. It is found and determined by the
19 General Assembly of the State of Arkansas that in order to attract and
20 maintain good quality employees, the State of Arkansas should always have as
21 its goal better benefits for its employees; that the employees of the
22 Arkansas Local Police and Fire Retirement System would be better served by
23 the retirement system for which they work; and that this act is immediately
24 necessary to transfer the retirement benefits of the employees of the
25 Arkansas Local Police and Fire Retirement System from the Arkansas Public
26 Employees Retirement System to the Arkansas Local Police and Fire Retirement
27 System. Therefore, an emergency is declared to exist and this act being
28 necessary for the preservation of the public peace, health, and safety shall
29 become effective on July 1, 2007.

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31 /s/ Harris

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33 APPROVED: 4/2/2007