

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 720 of the Regular Session

As Engrossed: S2/18/09 S3/3/09 S3/19/09

A Bill

1 State of Arkansas  
2 87th General Assembly  
3 Regular Session, 2009

SENATE BILL 179

4  
5 By: Senator G. Jeffress  
6 By: *Representative Sample*

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9 **For An Act To Be Entitled**

10 AN ACT TO INCREASE THE MULTIPLIER USED BY THE  
11 LOCAL POLICE AND FIRE RETIREMENT SYSTEM; TO FUND  
12 THE INCREASED MULTIPLIER BY AN INCREASE IN THE  
13 MEMBER'S CONTRIBUTION; AND FOR OTHER PURPOSES.

14  
15 **Subtitle**

16 TO INCREASE THE MULTIPLIER USED BY THE  
17 LOCAL POLICE AND FIRE RETIREMENT SYSTEM  
18 AND TO FUND THE INCREASED MULTIPLIER BY  
19 AN INCREASE IN THE MEMBER'S  
20 CONTRIBUTION.

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22  
23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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25 *SECTION 1. Arkansas Code § 24-10-404(b), concerning a member's*  
26 *contribution to the Local Police and Fire Retirement System, is amended to*  
27 *read as follows:*

28 *(b)(1) If a member's covered employment is not also covered by social*  
29 *security, or if his or her covered employment is also covered by social*  
30 *security and his or her political subdivision has elected Benefit Program 2,*  
31 *as provided in § 24-10-602, and if he or she is receiving pays resulting in*  
32 *paid service credit, his or her contributions to the system shall be six*  
33 *percent (6%) of his or her pays.*

34 *(2)(A) Beginning July 1, 2009, the contribution for covered*  
35 *members defined in subdivision (b)(1) of this section shall be eight and one-*



1 half percent (8.5%) of his or her pay.

2 (B) Beginning July 1, 2009, the contribution for paid  
 3 service members not defined in subdivision (b)(1) of this section shall be  
 4 two and one-half percent (2.5%) of his or her pay.

5 ~~(2)(3)~~ The contributions shall be made notwithstanding that the  
 6 minimum salary or wages provided by law for any member shall thereby be  
 7 changed.

8 ~~(3)(4)~~ Each member shall be deemed to consent and agree to the  
 9 deductions made and provided for in this section.

10 ~~(4)(5)~~ Payment of a member's pay less the deductions shall be a  
 11 full and complete discharge and acquittance of all claims and demands  
 12 whatsoever for services rendered by him or her to a political subdivision,  
 13 except as to benefits provided by this system.

14  
 15 SECTION 2. Arkansas Code § 24-10-602(a)(1)(A), concerning annuities in  
 16 the Local Police and Fire Retirement System, is amended to read as follows:

17 (A) For each year of paid service resulting from  
 18 employment:

19 (i) In a position not also covered by social  
 20 security, ~~two and seven-tenths percent (2.7%)~~ two and ninety-four hundredths  
 21 percent (2.94%) of his or her final average pay; and

22 (ii) In a position also covered by social security,  
 23 ~~one and seven-tenths percent (1.7%)~~ one and ninety-four hundredths percent  
 24 (1.94%) of his or her final average pay.

25  
 26 SECTION 3. Arkansas Code § 24-10-602(a)(2)(A) and (B), concerning  
 27 annuities in the Local Police and Fire Retirement System, is amended to read  
 28 as follows:

29 (A) For each year of paid service rendered on or after the  
 30 election date of the Benefit Program 2 and before the election is rescinded:

31 (i) In a position also covered by social security,  
 32 ~~two and six-tenths percent (2.6%)~~ two and ninety-four hundredths percent  
 33 (2.94%) of the member's final average salary; and

34 (ii) In a position not covered by social security,  
 35 ~~three and one-tenth percent (3.1%)~~ three and twenty-eight hundredths percent  
 36 (3.28%) of the member's final average salary.

1                   (B)(i) For each year of paid service rendered before the  
2 election date of the Benefit Program 2 or after the election is rescinded:

3                   (a) In a position also covered by social  
4 security, ~~one and seven-tenths percent (1.7%)~~ one and ninety-four hundredths  
5 percent (1.94%) of the member's final average salary; and

6                   (b) In a position not covered by social  
7 security, ~~two and seven-tenths percent (2.7%)~~ two and ninety-four hundredths  
8 percent (2.94%) of the member's final average salary.

9                   (ii) A member who has paid service rendered before  
10 the election date of Benefit Program 2 or after the election is rescinded and  
11 subsequently readopted may have the paid service rendered on or after July  
12 28, 1995, treated as though the paid service had been rendered after the  
13 election date of Benefit Program 2 by paying to the system the actuarial cost  
14 of the increased benefit by a single contribution or by an agreement to pay  
15 an increased rate of contributions if approved by the board.

16                   (iii) As used in subdivision (a)(2)(B)(ii) of this  
17 section, "actuarial cost" means an amount that is the actuarial equivalent of  
18 the value of the credited service to be purchased at the time of the  
19 purchase, as determined by the system's actuary.

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21           SECTION 4. Arkansas Code § 24-10-602(a)(4), concerning annuities in  
22 the Local Police and Fire Retirement System, is amended to read as follows:

23                   ~~(4)(A)~~ The total benefit amount computed under ~~subdivision~~  
24 subdivisions (a)(1) and (2) of this section shall not exceed at the time of  
25 retirement ~~eighty-five percent (85%)~~ one hundred percent (100%) of the final  
26 average pay plus the amounts provided in subdivision (a)(5) of this section  
27 for volunteer service; and

28                   ~~(B)~~ ~~If the member accrued a benefit at any time under~~  
29 ~~Benefit Program 2 described in subdivision (a)(2) of this section, then the~~  
30 ~~total of the amounts computed pursuant to subdivisions (a)(1) and (2) of this~~  
31 ~~section shall not exceed at the time of retirement eighty-five percent (85%)~~  
32 ~~this section for volunteer service; and~~

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34           SECTION 5. Arkansas Code § 24-10-612, concerning a redetermination of  
35 retirement benefits, is amended to add an additional subsection to read as  
36 follows:

1 (c)(1) Effective July 1, 2009, there will be a one-time  
2 redetermination of benefits for paid service members who were receiving a  
3 benefit on or before June 30, 2009.

4 (2) The paid service retirants will receive a benefit beginning  
5 July 1, 2009, which is the greater of:

6 (A) The benefit calculated under § 24-10-602, as in effect  
7 on July 1, 2009, using the member's final average salary at retirement; or

8 (B) The monthly benefit that otherwise would be paid on  
9 July 1, 2009, under this section.

10 (3)(A) Except as provided in subdivision (c)(3)(B) of this  
11 section, the redetermination under subdivisions (c)(1) and (2) of this  
12 section is applicable to all paid service members or their beneficiaries  
13 receiving benefits under this subchapter.

14 (B) The redetermination under subdivisions (c)(1) and (2)  
15 of this section does not apply to service members receiving benefits under §  
16 24-10-607.

17 (4) The Arkansas Local Police and Fire Retirement System shall  
18 not make any benefit payments retroactive to a date before July 1, 2009.

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20 SECTION 6. EMERGENCY CLAUSE. It is found and determined by the  
21 General Assembly of the State of Arkansas that economic conditions have  
22 resulted in the need to increase retirement benefits; that it is sound public  
23 policy to increase the retirement benefit multiplier; and that the increase  
24 should be funded by an increase in the member's contribution. Therefore, an  
25 emergency is declared to exist and this act being necessary for the  
26 preservation of the public peace, health, and safety shall become effective  
27 on July 1, 2009.

28 /s/ G. Jeffress

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30 **APPROVED: 3/31/2009**