

1 State of Arkansas
2 90th General Assembly
3 Regular Session, 2015
4

As Engrossed: S2/4/15
A Bill

SENATE BILL 134

5 By: Senator D. Johnson
6 By: Representative Vines
7

For An Act To Be Entitled

9 AN ACT TO MAKE TECHNICAL CORRECTIONS TO TITLE 24 OF
10 THE ARKANSAS CODE CONCERNING PUBLIC RETIREMENT; AND
11 FOR OTHER PURPOSES.
12
13

Subtitle

15 TO MAKE TECHNICAL CORRECTIONS TO TITLE 24
16 OF THE ARKANSAS CODE CONCERNING PUBLIC
17 RETIREMENT.
18
19

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

22 SECTION 1. Arkansas Code § 24-7-305(b) is amended to read as follows
23 to make stylistic changes:

24 (b)(1) The board shall promulgate rules as it ~~deems~~ considers
25 necessary from time to time in the transaction of its business and in
26 administering the Arkansas Teacher Retirement System.

27 (2) In order to fully comply with federal requirements that may
28 affect the members or the members' benefits under this subchapter, and to
29 limit the impact of changes in federal requirements on members or the
30 members' benefits, the board may promulgate rules to:

31 (A) Establish the regular retirement age for members
32 consistent with ~~the provisions of section~~ Section 411 of the Internal Revenue
33 Code;

34 (B) Maintain the system's retirement plan tax
35 qualification status by the federal government to remain tax exempt and tax
36 qualified under ~~section~~ Section 401(a) of the Internal Revenue Code; and



1 (C) Modify or eliminate a plan provision that was
2 originally established to comply with Internal Revenue Code requirements but
3 is no longer necessary to maintain the plan's tax-qualified status under the
4 Internal Revenue Code, including without limitation provisions concerning:

- 5 (i) Penalties;
6 (ii) Restrictions;
7 (iii) Time limitations; and
8 (iv) Other requirements that impact a member,
9 members' benefits, or the plan.

10 ~~(D)~~ (3) The board may adopt rules, procedures, plans, programs,
11 and actions necessary to enable the system to pay all benefits earned by the
12 system's members and reduce penalties or restrictions required by the
13 Internal Revenue Service while maintaining compliance with the Internal
14 Revenue Service.

15
16 SECTION 2. Arkansas Code § 24-11-102(b)(4)(B) is amended to read as
17 follows to make stylistic changes and clarify a reference to the Arkansas
18 Fire and Police Pension Review Board:

19 (B) All actions taken by the executive director shall be
20 subject to review and acceptance by the ~~review board~~ Arkansas Fire and Police
21 Pension Review Board.

22
23 SECTION 3. Arkansas Code § 24-11-203(d) is amended to read as follows
24 to make stylistic changes:

25 (d)(1) Members of the Arkansas Fire and Police Pension Review Board
26 who are appointed as employer members shall be elected or appointed officials
27 of municipalities or fire protection districts with established ~~firemen's or~~
28 ~~policemen's pension and relief funds~~ policemen's pension and relief funds or
29 firemen's relief and pension funds.

30 (2) However, employer members shall not be from the same
31 municipality or fire protection district.

32
33 SECTION 4. Arkansas Code § 24-11-205(b)(6) is amended to read as
34 follows to make stylistic changes:

35 (6)(A) Assumptions of future experiences ~~which~~ that are
36 appropriate for the fund in pursuing the general financial objective

1 established by this subchapter.

2 (B) Assumptions shall be made with respect to at least the
3 following:

- 4 ~~(A) Investment return;~~
5 ~~(B) Pay increase assumptions;~~
6 ~~(C) Mortality;~~
7 ~~(D) Withdrawal (turnover);~~
8 ~~(E) Disability;~~
9 ~~(F) Retirement ages; and~~
10 ~~(G) Change in active employee group size.~~

11 ~~If the pay increase assumption is a constant percentage for all active~~
12 ~~employee ages, the investment return rate percentage shall not exceed the pay~~
13 ~~increase percentage by more than two percent (2%) annually, compounded~~
14 ~~annually, and preferably not by more than one and one-half percent (1.5%). If~~
15 ~~the pay increase assumptions are the total of a constant percent plus a~~
16 ~~changing percentage which decreases as age increases, the investment return~~
17 ~~rate percentage shall not exceed the constant percent of the pay increase~~
18 ~~assumptions by more than three percent (3%) annually, compounded annually,~~
19 ~~and preferably not by more than two percent (2%).~~

20 ~~If the entire employee group size is assumed to increase, the increase~~
21 ~~shall be assumed to occur within the five-year period after the valuation~~
22 ~~date, and to an eventual active employee group size no more than one hundred~~
23 ~~fifteen percent (115%) of present size;~~

24 (i) Investment return;

25 (ii)(a) Pay increase assumptions.

26 (b) If the pay increase assumption is a
27 constant percentage for all active employee ages, the investment return rate
28 percentage shall not exceed the pay increase percentage by more than two
29 percent (2%) annually, compounded annually, and preferably not by more than
30 one and one-half percent (1.5%).

31 (c) If the pay increase assumptions are the
32 total of a constant percent plus a changing percentage that decreases as age
33 increases, the investment return rate percentage shall not exceed the
34 constant percent of the pay increase assumptions by more than three percent
35 (3%) annually, compounded annually, and preferably not by more than two
36 percent (2%);

- 1 (iii) Mortality;
2 (iv) Withdrawal or turnover;
3 (v) Disability;
4 (vi) Retirement ages; and
5 (vii)(a) Change in active employee group size.

6 (b) If the entire employee group size is
7 assumed to increase, the increase shall be assumed to occur within the five-
8 year period after the valuation date, and to an eventual active employee
9 group size no more than one hundred fifteen percent (115%) of present size;
10

11 SECTION 5. Arkansas Code § 24-11-422(a)(1)(B) is amended to read as
12 follows to make stylistic changes:

13 (a)(1)(B) Upon written application by the member, ~~the board of~~
14 ~~trustees shall place him or her on the pension roll and he or she~~ the member
15 shall be entitled to receive from the fund a monthly pension equal to one-
16 half ($\frac{1}{2}$) the actual salary based upon his or her highest salary year during
17 his or her time of service.
18

19 SECTION 6. Arkansas Code § 24-11-824(a) is amended to read as follows
20 to clarify a first reference to a local board of commissioners:

21 (a) Any fire protection district in this state formed pursuant to §§
22 14-284-101 – 14-284-121 and maintaining a fire department within that
23 district is eligible to establish by resolution of the board of commissioners
24 of the district a firemen's relief and pension fund covering the employees of
25 that fire department.
26

27 SECTION 7. Arkansas Code § 24-11-826 is amended to read as follows to
28 clarify internal references and remove references to a repealed Code section:

29 24-11-826. Additional benefits for certain firefighters hired prior to
30 January 1, 1983.

31 (a)(1) Beginning July 1, 1987, in addition to the monthly pension
32 benefits as set forth in §§ 24-11-801 – 24-11-807, 24-11-809, 24-11-812 – 24-
33 11-815, 24-11-818, and 24-11-820, ~~and 24-11-821,~~ for those firefighters hired
34 prior to January 1, 1983, and who continue to work beyond their twenty-fifth
35 year, the member of a firemen's relief and pension fund shall receive at age
36 sixty (60) and thereafter a benefit on the amount equal to one and one-fourth

1 percent (1.25%) of final salary attached to the rank which he or she held in
 2 the department preceding the date of retirement multiplied by the number of
 3 years of service in excess of twenty-five (25) years, up to a maximum total
 4 *benefit of seventy-five percent (75%) of final salary, provided that the*
 5 maximum seventy-five percent (75%) of final salary ~~shall~~ no longer ~~apply~~
 6 applies to benefits payable on April 30, 1991, and thereafter to persons
 7 retiring henceforth and to those persons who retired on or after July 1,
 8 1987.

9 (2) However, in no case shall the benefit payment exceed one
 10 hundred percent (100%) of final salary.

11 (b) This benefit shall be payable to the member only and not to
 12 surviving spouses or dependent children.

13 (c)(1) For the purposes of this section, "salary" means recurring pays
 14 that are received for a regularly scheduled workweek and ~~shall~~ does not
 15 include, except as otherwise provided in this subsection, payments for unused
 16 accrued sick leave or annual leave or the cash value of any nonrecurring or
 17 unusual ~~remunerations~~ remuneration.

18 (2)(A) The term "salary" may include the payments to those
 19 firefighters under this section for unused accrued sick leave not to exceed
 20 ninety (90) workdays recorded on the records of the city or town as of the
 21 firefighter's date of retirement, ~~provided if~~ if the municipality agrees by
 22 ordinance to make adequate contributions to the fund to cover the additional
 23 costs for the benefits from the increased salary and the fund is judged by an
 24 actuarial determination to be actuarially sound.

25 (B) The board of trustees of a firemen's relief and
 26 pension fund shall determine the actuarial costs of the payments for the
 27 unused accrued sick leave to the fund.

28
 29 SECTION 8. Arkansas Code § 24-11-827(a) is amended to read as follows
 30 to clarify internal references:

31 (a) Notwithstanding any other provision of the law to the contrary,
 32 should an age or service retirant return March 1, 1986, or later to
 33 employment in a position covered by the firemen's relief and pension fund
 34 from which he or she retired, no pension payments shall be paid him or her
 35 for the period of the reemployment, and he or she shall make member
 36 *contributions to the ~~system~~ firemen's relief and pension fund as if he or she*

1 were an active member during the reemployment.

2
3 SECTION 9. Arkansas Code § 24-11-834(a)(3)(B) is amended to read as
4 follows to make stylistic changes:

5 (B) The actuarial equivalent is of the time of the
6 purchase of the credited service and shall be determined by the actuary for
7 *the Arkansas Fire and Police Pension Review Board*, or ~~for a pension fund~~
8 ~~under administration of the Arkansas Local Police and Fire Retirement System,~~
9 ~~the actuary for that system~~ by the actuary for the Arkansas Local Police and
10 Fire Retirement System for a pension fund under administration by the system.

11
12 SECTION 10. DO NOT CODIFY. The enactment and adoption of this act
13 shall not repeal, expressly or impliedly, the acts passed at the regular
14 session of the Ninetieth General Assembly. All such acts shall have the full
15 force and effect and, so far as those acts intentionally vary from or
16 conflict with any provision contained in this act, those acts shall have the
17 effect of subsequent acts and as amending or repealing the appropriate parts
18 of the Arkansas Code of 1987.

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20 /s/D. Johnson

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23 **APPROVED: 04/06/2015**