

1 State of Arkansas
2 88th General Assembly
3 Regular Session, 2011
4

A Bill

HOUSE BILL 1219

5 By: Representative Summers
6

For An Act To Be Entitled

8 AN ACT TO INCREASE THE AMOUNT OF REQUIRED, ACTUAL
9 SERVICE FOR MEMBERS TO BE ELIGIBLE FOR BENEFITS UNDER
10 THE ARKANSAS PUBLIC EMPLOYEES' RETIREMENT SYSTEM; TO
11 AMEND THE ACTUAL SERVICE REQUIREMENTS UNDER THE
12 ARKANSAS PUBLIC EMPLOYEES' RETIREMENT SYSTEM; TO
13 DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.
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Subtitle

16 TO INCREASE THE AMOUNT OF REQUIRED,
17 ACTUAL SERVICE FOR ELIGIBILITY FOR
18 BENEFITS UNDER THE ARKANSAS PUBLIC
19 EMPLOYEES' RETIREMENT SYSTEM; TO AMEND
20 THE ACTUAL SERVICE REQUIREMENTS; AND TO
21 DECLARE AN EMERGENCY.
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25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
26

27 SECTION 1. Arkansas Code § 24-4-508(a), concerning eligibility for
28 retirement benefits under the Arkansas Public Employees' Retirement System,
29 is amended to read as follows:

30 (a) Any member may voluntarily retire upon his or her written
31 application filed with the Board of Trustees of the Arkansas Public
32 Employees' Retirement System setting forth at what time, not less than thirty
33 (30) days nor more than ninety (90) days subsequent to the execution and
34 filing of the application, that he or she desires to be retired if that
35 member has:

36 (1) Twenty-eight (28) or more years of ~~credited~~ actual service



1 regardless of age. However, a member who becomes vested for benefits after
 2 July 1, 2011, shall have at least thirty (30) years of actual service;

3 (2) Attained or attains age sixty (60) and has twenty (20) or
 4 more years of actual contributory service commenced prior to January 1, 1978;
 5 or

6 (3) Attained or attains age sixty-five (65) and has five (5) or
 7 more years of actual service, except for a member of the General Assembly who
 8 must have ten (10) or more years of actual service if he or she only has
 9 service as a member of the General Assembly.

10
 11 SECTION 2. Arkansas Code § 24-4-510 is amended to read as follows:

12 24-4-510. Eligibility for benefits – Deferred and early annuities.

13 (a)(1)(A) Any member or former member with sufficient years of actual
 14 service to qualify for a vested termination annuity who has not attained his
 15 or her normal retirement age may retire with an early annuity provided for in
 16 subsection (b) of this section upon his or her written application to the
 17 plan setting forth at what time, not less than thirty (30) days nor more than
 18 ninety (90) days subsequent to the execution and filing of his or her
 19 application, he or she desires to be retired.

20 (B) The member or former member eligible for a vested
 21 termination annuity must have at least five (5) years of actual service and
 22 be within ten (10) years of normal retirement age, except for members of the
 23 General Assembly who must have at least ten (10) years of actual service and
 24 be within ten (10) years of normal retirement age.

25 (2)(A) Upon early retirement, a member shall receive a certain
 26 percentage of an annuity for life provided for in § 24-4-601. The percentage
 27 shall be one hundred percent (100%) reduced by one-half of one percent (0.5%)
 28 multiplied by the number of months by which the member's age at early
 29 retirement is younger than his or her normal retirement age, using what his
 30 or her normal retirement age would have been under the provisions of § 24-4-
 31 508 if he or she had continued covered employment from the time of early
 32 retirement.

33 (B)(i)(a) However, if the member or former member has at
 34 least twenty-five (25) years of actual service but less than twenty-eight
 35 (28) years of actual service and has not reached age sixty-five (65), then
 36 upon early retirement the member shall receive a percentage of a life annuity

1 as provided in § 24-4-601. However, a member who becomes vested for benefits
2 after July 1, 2011, shall have at least thirty (30) years of actual service.

3 (b) The percentage shall be one hundred
4 percent (100%) reduced by one percent (1%) multiplied by the number of months
5 by which the time of early retirement precedes the earlier of either the
6 completion of twenty-eight (28) years of actual service or the attainment of
7 age sixty-five (65).

8 (ii) If the reduction set forth under this
9 subdivision (a)(2)(B) is greater than the reduction that would have otherwise
10 been imposed except for this subdivision (a)(2)(B), then the lesser reduction
11 shall apply.

12 (3) The early annuity shall be effective the first day of the
13 calendar month next following the later of termination of public employer
14 employment or thirty (30) days after receipt by the Board of Trustees of the
15 Arkansas Public Employees' Retirement System of the written application.

16 (b)(1) A member who terminates covered employment before attaining his
17 or her normal retirement age for a reason other than death or early
18 retirement or disability retirement shall be entitled to an annuity computed
19 in accordance with the provisions of subdivision (b)(2) of this section as it
20 provides at time of last termination of employment, subject to the member's
21 satisfying all of the following conditions:

22 (A) Except for members of the General Assembly, who must
23 have at least ten (10) years of actual service, the member has five (5) or
24 more years of total actual service with the Arkansas Public Employees'
25 Retirement System or in combination with reciprocal systems under the
26 provisions of §§ 24-2-401 – 24-2-405, and 24-2-407. In establishing the
27 minimum total credited service, periods of credited service covering the same
28 calendar time shall be counted only once. However, both service in the
29 Arkansas Public Employees' Retirement System as a member of the General
30 Assembly and service in another reciprocal system during the same period of
31 time may be counted to meet the service requirements for benefits from the
32 reciprocal systems, subject to the following:

33 (i) The provisions of § 24-4-521 may not be used to
34 meet the service requirements; and

35 (ii) The benefit payable by a reciprocal system will
36 be based on the credited service in that system and on the final average

1 compensation under that system;

2 (B) If a member has fewer years of service than the final
3 average compensation requirement in a reciprocal system, then "final average
4 compensation" means the monthly average of pay to the member during his or
5 her total years of service in that system;

6 (C) The member lives to his or her annuity starting date;
7 and

8 (D) The member makes written application for retirement in
9 accordance with this section.

10 (2)(A) A contributory member with twenty (20) or more years of
11 actual service accrued under the contributory provisions in place before
12 January 1, 1978, who left or leaves the employ of a public employer prior to
13 the member's attainment of age sixty (60) for any reason except his or her
14 retirement or death shall be entitled to an annuity provided for in § 24-4-
15 601, but only if the member does not withdraw his or her accumulated
16 contributions from the members' deposit account.

17 (B) The member's annuity shall begin the first day of the
18 calendar month next following the month after his or her attainment of age
19 sixty (60) upon written application filed with the Board of Trustees of the
20 Arkansas Public Employees' Retirement System setting forth at what time, not
21 less than thirty (30) days nor more than ninety (90) days subsequent to the
22 execution and filing of the application, the member desires to be retired.

23 (3)(A) A contributory member who has at least five (5) years but
24 less than twenty (20) years of actual service who leaves the employ of a
25 public employer prior to his or her attainment of age sixty-five (65) for any
26 reason except his or her retirement or death and who does not withdraw his or
27 her accumulated contributions from the members' deposit account shall be
28 entitled to an annuity provided for in § 24-4-606.

29 (B) A noncontributory member who has at least five (5)
30 years but less than twenty-eight (28) years of actual service who leaves the
31 employ of a public employer prior to the attainment of age sixty-five (65)
32 for any reason except retirement or death shall be entitled to an annuity
33 provided for in § 24-4-606. However, a member who becomes vested for
34 benefits after July 1, 2011, shall have at least thirty (30) years of actual
35 service.

36 (C) The member's annuity shall begin the first day of the

1 calendar month next following the month of attainment of age sixty-five (65)
2 upon written application filed with the board setting forth at what time, not
3 less than thirty (30) days nor more than ninety (90) days subsequent to the
4 execution and filing thereof, the member desired to be retired.

5 (4) The monthly amount of vested termination annuity shall be
6 computed in the same manner as a normal annuity amount provided for in § 24-
7 4-601, but it shall be based upon the member's credited service and final
8 average compensation at the time of termination of employment covered by the
9 Arkansas Public Employees' Retirement System.

10 (5) The member shall have the right to elect an option provided
11 for in § 24-4-606.

12
13 SECTION 3. Arkansas Code § 24-4-601(b), concerning straight life
14 annuity under the Arkansas Public Employees' Retirement System, is amended to
15 read as follows:

16 (b)(1) For each year of noncontributory credited service in the system
17 rendered prior to July 1, 2007, resulting from employment in a position
18 covered at any time by social security or another federal retirement plan
19 supported wholly or in part by employer contributions, a member shall receive
20 one and seventy-five hundredths percent (1.75%) of the member's final average
21 compensation plus, for each year of noncontributory credited service in the
22 system rendered prior to July 1, 2007, resulting from employment in a
23 position never so covered, a member shall receive two and eleven hundredths
24 percent (2.11%) of the member's final average compensation.

25 (2) For each year of credited service in the system rendered
26 after June 30, 2007, resulting from employment in a position covered at any
27 time by social security or another federal retirement plan supported wholly
28 or in part by employer contributions, a member shall receive one and seventy-
29 two hundredths percent (1.72%) of the member's final average compensation
30 plus, for each year of credited service in the system rendered after June 30,
31 2007, resulting from employment in a position never so covered, a member
32 shall receive two and seven hundredths percent (2.07%) of the member's final
33 average compensation.

34 (3) For each year of actual service in the system in excess of
35 twenty-eight (28) years that is rendered on or after July 1, 2009, a member
36 shall receive a straight life annuity equal to an additional five-tenths

1 percent (0.5%) of the member's final average compensation. However, a member
2 who has vested for benefits after July 1, 2011, shall have at least thirty
3 (30) years of actual service.

4
5 SECTION 4. Arkansas Code § 24-4-801(c), concerning participation in
6 the Arkansas Public Employees' Retirement System, is amended to read as
7 follows:

8 (c) The Board of Trustees of the Arkansas Public Employees' Retirement
9 System, in consultation with its actuary, may promulgate rules and
10 regulations lowering the required years of service for entry into the plan to
11 an amount of not less than twenty-eight (28) years of service, subject to an
12 early participation reduction for members who have vested for benefits before
13 July 1, 2011. The reduction will be computed in a manner that is both
14 equitable to all members and actuarially appropriate for the system.

15
16 SECTION 5. Arkansas Code § 24-4-803(a), concerning a member's amount
17 of benefits under the Arkansas Public Employees' Retirement System, is
18 amended to read as follows:

19 (a)(1) The member's deferred benefit shall be the monthly benefit to
20 which the member would have been entitled if the member had thirty (30) years
21 of service and had actually retired on the member's deferred retirement
22 option date with regard to the provisions of § 24-4-606 related to annuity
23 options.

24 (2) If the member has less than thirty (30) years of actual
25 service, but at least twenty-eight (28) years of service, the portion of the
26 member's deferred benefit that is contributed to the Arkansas Public
27 Employees' Retirement System Deferred Retirement Option Plan will be reduced
28 by the percentage established by the Board of Trustees of the Arkansas Public
29 Employees' Retirement System, and then shall be subject to the additional
30 computations as set forth in subsections (b) and (c) of this section.
31 However, a member who vests for benefits after July 1, 2011, shall have at
32 least thirty (30) years of actual service.

33
34 SECTION 6. Arkansas Code § 24-4-1103(a)-(b), concerning benefits under
35 the Arkansas Public Employees' Retirement System, is amended to read as
36 follows:

1 (a)(1) Upon retirement under this subchapter, a member shall receive a
2 straight life pension equal to two and three one-hundredths percent (2.03%)
3 of the member's final average compensation multiplied by the number of years
4 and any fraction of a year of the member's service for each year of
5 contributory service rendered prior to July 1, 2007.

6 (2) For each year of contributory service in the Arkansas Public
7 Employees' Retirement System rendered after June 30, 2007, the member shall
8 receive two percent (2%) of the member's final average compensation
9 multiplied by the number of years and any fraction of a year of the member's
10 service.

11 (3) For each year of actual service in the system in excess of
12 twenty-eight (28) years that is rendered on or after July 1, 2009, a member
13 shall receive a straight life annuity equal to an additional five-tenths
14 percent (0.5%) of the member's final average compensation. However, a member
15 who vests for benefits after July 1, 2011, shall have at least thirty (30)
16 years of actual service.

17 (b) Any member may voluntarily retire upon filing a written
18 application with the Board of Trustees of the Arkansas Public Employees'
19 Retirement System not less than thirty (30) days nor more than ninety (90)
20 days before the date the member desires to be retired if that member has:

21 (1) Twenty-eight (28) or more years of ~~credited~~ actual service
22 regardless of age. However, a member who vests for benefits after July 1,
23 2011, shall have at least thirty (30) years of actual service; or

24 (2)(A) Attained or attains sixty-five (65) years of age and has
25 five (5) or more years of actual service.

26 (B) However, a member of the General Assembly must have
27 ten (10) or more years of actual service if the member only has service as a
28 member of the General Assembly.

29
30 SECTION 7. Arkansas Code § 24-4-1105(b), concerning deferred and early
31 annuities under the Arkansas Public Employees' Retirement System, is amended
32 to read as follows:

33 (b) In the event a member with five (5) or more years of actual
34 service in the Arkansas Public Employees' Retirement System ceases employment
35 as a covered member before reaching sixty-five (65) years of age or attaining
36 twenty-eight (28) years of service and does not withdraw his or her

1 accumulated employee contributions to the system, the member is entitled to
2 receive an annuity upon attainment of sixty-five (65) years of age and
3 submission of a retirement application to the system. However, a member who
4 vests for benefits after July 1, 2011, shall have at least thirty (30) years
5 of actual service.

6
7 SECTION 8. EMERGENCY CLAUSE. It is found and determined by the
8 General Assembly of the State of Arkansas that the Arkansas Public Employees'
9 Retirement System has suffered as a result of the recent economic crisis;
10 that an increase in the amount of actual service required to be eligible for
11 retirement benefits under the system is necessary to protect the actuarial
12 soundness of the system; that this act makes revisions to the requirements
13 for benefits received by members of the system; and that this act is
14 necessary because the ideal time to make revisions to the system is at the
15 beginning of the fiscal year, which starts on July 1 of each year.
16 Therefore, an emergency is declared to exist and this act being necessary for
17 the preservation of the public peace, health, and safety shall become
18 effective on July 1, 2011.