

1 State of Arkansas
2 92nd General Assembly
3 Regular Session, 2019
4

A Bill

SENATE BILL 245

5 By: Senator Hester
6

For An Act To Be Entitled

8 AN ACT CONCERNING THE DEFINITION OF "FINAL AVERAGE
9 COMPENSATION" UNDER THE ARKANSAS PUBLIC EMPLOYEES'
10 RETIREMENT SYSTEM; AND FOR OTHER PURPOSES.
11

Subtitle

12 CONCERNING THE DEFINITION OF "FINAL
13 AVERAGE COMPENSATION" UNDER THE ARKANSAS
14 PUBLIC EMPLOYEES' RETIREMENT SYSTEM.
15
16
17
18

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

21 SECTION 1. Arkansas Code § 24-4-101(18), concerning the definition of
22 "final average compensation" and other definitions applicable to the Arkansas
23 Public Employees' Retirement System, is amended to read as follows:

24 (18)(A)(i) ~~"Final average compensation"~~ For a member who was
25 hired before July 1, 2020, "final average compensation" means the average of
26 the highest annual compensations paid to a member during any period of three
27 (3) years of credited service with a public employer.

28 (ii) The three-year average shall be the greatest of
29 the following:

30 (a) One-third (1/3) of the following: The
31 total of the highest compensations paid during the two (2) completed fiscal
32 years when added to the total third highest compensation paid during the
33 completed fiscal year; or

34 (b) One-third (1/3) of the following: The
35 total of the highest compensations paid during the two (2) completed fiscal
36 years added to the total of the compensation paid for the months of credited



1 service within the incomplete fiscal year in which the member retires,
 2 provided there are some, and the total third highest compensation paid during
 3 the completed fiscal year which has been multiplied by the number of months
 4 remaining in the fiscal year in which retirement occurs and divided by twelve
 5 (12).

6 (iii) Should the member have less than the minimum
 7 three (3) years of credited service, "average compensation" means the annual
 8 average compensations to the member during his or her total years of actual
 9 service.

10 (B)(i) For a member who is hired on or after July 1, 2020,
 11 "final average compensation" means the average of the highest annual
 12 compensations paid to a member during any period of five (5) years of
 13 credited service with a public employer.

14 (ii) The five-year average shall be the greater of
 15 the following:

16 (a) One-fifth (1/5) of the total of the
 17 highest compensations paid to the member during the four (4) completed fiscal
 18 years added to the total fifth highest compensation paid to the member during
 19 the completed fiscal year; or

20 (b) One-fifth (1/5) of the total of the
 21 highest compensations paid during the four (4) completed fiscal years added
 22 to the total of the compensation paid for the months of credited service
 23 within the incomplete fiscal year in which the member retires, if any, plus
 24 the total fifth highest compensation paid during the completed fiscal year
 25 which has been multiplied by the number of months remaining in the fiscal
 26 year in which the member retires and divided by twelve (12).

27 (iii) Should a member have less than the minimum
 28 five (5) years of credited service, "average compensation" means the annual
 29 average compensations to the member during his or her total years of actual
 30 service.

31 (C) Any other provision to the contrary notwithstanding:

32 (i) If a member's rate of pay is set by Arkansas
 33 Constitution, Amendment 70, § 1, then the member's "average compensation"
 34 shall not be less than the member's rate of pay at the time of separation
 35 from covered employment;

36 (ii) If a member's rate of pay is set by Arkansas

1 Constitution, Amendment 70, § 1, then the member's "average compensation"
2 shall not be less than the member's highest rate of such pay; or

3 (iii) If a member served at any time in an office
4 whose rate of pay is set by Arkansas Constitution, Amendment 70, § 1, and
5 that member was a member of the General Assembly on December 31, 1978, then
6 the member's "average compensation" shall not be less than the rate of pay
7 currently set for the highest legislative office the member held;

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36