

1 State of Arkansas
2 93rd General Assembly
3 Regular Session, 2021
4
5 By: Senator B. Sample
6

As Engrossed: S2/9/21

A Bill

SENATE BILL 5

For An Act To Be Entitled

8 AN ACT TO AMEND THE LAW CONCERNING RECIPROCAL SERVICE
9 CREDIT, BENEFIT RIGHTS, AND DEFERRED RETIREMENT UNDER
10 THE ARKANSAS LOCAL POLICE AND FIRE RETIREMENT SYSTEM;
11 TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.
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Subtitle

15 TO AMEND THE LAW CONCERNING RECIPROCAL
16 SERVICE CREDIT, BENEFIT RIGHTS, AND
17 DEFERRED RETIREMENT UNDER THE ARKANSAS
18 LOCAL POLICE AND FIRE RETIREMENT SYSTEM;
19 AND TO DECLARE AN EMERGENCY.
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
23

24 SECTION 1. Arkansas Code § 24-10-507 is amended to read as follows:
25 24-10-507. Reciprocal system.

26 (a) (1) The Arkansas Local Police and Fire Retirement System is a
27 reciprocal system under the provisions of §§ 24-2-401 – 24-2-405.

28 (2) For the purpose of reciprocal service credit under the
29 Arkansas Local Police and Fire Retirement System, only an Arkansas statewide
30 defined benefit retirement system that is qualified under the Internal
31 Revenue Code is eligible.

32 (b) ~~In~~ Once a member has vested in the Arkansas Local Police and Fire
33 Retirement System, in establishing the eligibility of the member for a
34 voluntary retirement benefit, early retirement benefit, or duty death benefit
35 from the Arkansas Local Police and Fire Retirement System, the credited
36 service under all reciprocal systems shall be totaled, and the total credited



1 service shall be used in determining the eligibility of the member for a
2 system benefit from the Arkansas Local Police and Fire Retirement System.

3 (c) In determining the amount of a benefit from ~~this system~~ the
4 Arkansas Local Police and Fire Retirement System, ~~there shall be used only~~
5 ~~the credited service under this system and the benefit formula of this system~~
6 following shall be used:

7 (1) Credited service under the Arkansas Local Police and Fire
8 Retirement System;

9 (2) The benefit formula of the Arkansas Local Police and Fire
10 Retirement System; and

11 (3)(A) The final average pay of the Arkansas Local Police and
12 Fire Retirement System.

13 (B) The Arkansas Local Police and Fire Retirement System
14 shall use the final average pay of the reciprocal system furnishing the
15 highest final average pay at the time of retirement if the member has:

16 (i) Established reciprocity before April 1, 2021;
17 and

18 (ii) Member contributions on account with the
19 Arkansas Local Police and Fire Retirement System.

20 ~~(d) The final average compensation used shall be that of the~~
21 ~~reciprocal system which furnishes the highest final salary at the time of~~
22 ~~retirement.~~

23 ~~(e) Wherever this system provides a benefit amount which is not~~
24 ~~dependent on length of credited service, the benefit amount shall be reduced~~
25 ~~to the proportion that system credited service bears to total reciprocal~~
26 ~~system credited service.~~

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28 SECTION 2. Arkansas Code § 24-10-616 is amended to read as follows:

29 24-10-616. Subjection of benefit rights to legal process.

30 (a)(1) The right of a person to an annuity, the return of accumulated
31 contributions, the annuity itself, any annuity option, any other right
32 accrued or accruing under the provisions of this chapter, and all moneys
33 belonging to a plan shall not be subject to execution, garnishment,
34 attachment, the operation of bankruptcy or insolvency laws, or any other
35 process of law whatsoever and shall be unassignable, except as is
36 specifically provided in this chapter Except as otherwise provided in this

1 chapter, the right of a person to an annuity, the return of accumulated
2 contributions, the annuity itself, any annuity option, any other right
3 accrued or accruing under this chapter, and all moneys belonging to a plan:

4 (A) Are not subject to:

5 (i) Execution;

6 (ii) Garnishment;

7 (iii) Attachment;

8 (iv) The operation of bankruptcy or insolvency laws;

9 (v) A qualified domestic relations order, including
10 a qualified domestic relations order as defined under the Internal Revenue
11 Code of 1986, 26 U.S.C. § 414; or

12 (vi) Any claim or process of law; and

13 (B) Are unassignable.

14 (2) However, an employer shall have the right of setoff for any
15 claim arising from embezzlement by, or fraud of, a member, retirant, or
16 beneficiary.

17 (b) A final administrative decision of the Board of Trustees of the
18 Arkansas Local Police and Fire Retirement System may be appealed by filing a
19 complaint in Pulaski County Circuit Court.

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21 SECTION 3. Arkansas Code § 24-10-706(d)(2), concerning duration of
22 participation in the Local Police and Fire Deferred Retirement Option Plan,
23 is amended to read as follows:

24 (2) All funds in the plan shall be distributed in a manner
25 prescribed by the Board of Trustees of the Arkansas Local Police and Fire
26 Retirement System no later than ~~December 31 of the year the participant~~
27 ~~attains the age of seventy and one half (70 1/2) years~~ April 1 of the year
28 following the calendar year in which the participant becomes seventy-two (72)
29 years of age.

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31 SECTION 4. EMERGENCY CLAUSE. It is found and determined by the
32 General Assembly of the State of Arkansas that the operations of the Arkansas
33 Local Police and Fire Retirement System are complex; that the system must be
34 able to meet the needs of its members; that the statutes concerning
35 reciprocal service credit, benefit rights, and deferred retirement under the
36 system are imminently in need of revision and updating to provide clarity and

1 in order to conform with competent public pension policy; and that this act
2 is immediately necessary in order to maintain an orderly management of
3 benefits for the members of the system. Therefore, an emergency is declared
4 to exist, and this act being necessary for the preservation of the public
5 peace, health, and safety shall become effective on April 1, 2021.

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8 /s/B. Sample
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