



Summary of Proposed Rule Regarding DROP Provisions for Members

ASPRS Rule 11

PURPOSE: The Arkansas State Police Retirement System (ASPRS) seeks to amend ASPRS Rule 11, the Deferred Retirement Option Plan (DROP) Rule, to comply with Act 415 of 2021, which decreases the number of years from 30 to 28 for a member of ASPRS Tier I or Tier Two to be eligible to enter the DROP.

SUBSTANTIVE CHANGES: To comply with Act 415 of 2021, which decreases the number of years from 30 to 28 for a member of ASPRS Tier I or Tier Two to be eligible to enter the DROP. In addition, to align the Rule with current law to provide that interest on the DROP account is applied as allowed by law. The proposed amendments to Rule 11 are consistent with Act 415 of 2021 and no other substantive change in DROP provisions has been made.

NON-SUBSTANTIVE CHANGES: Relocating the historical Acts within the document and one grammatical correction that was previously promulgated in the rule.

MARK-UP

RULE 11 - ~~Amended August 1997~~ - DEFERRED RETIREMENT OPTION PLAN

~~In accordance with Act 967 of 1995, a~~ A member who has ~~30~~ 28 years of credited service and who is otherwise eligible for a service retirement pension, full or reduced, may elect to participate in the Deferred Option Plan. The member's application must be submitted on the proper form and received by the administrative office of the Arkansas State Police Retirement System prior to effective date of participation. The effective date of participation must be the first day of a month. Upon approval by the Board of Trustees, the monthly benefit that would have been payable had the member retired shall be paid into the Arkansas State Police Officers' Deferred Option Plan account. If Board approval occurs after the effective date requested, payment shall be retroactive. ~~This account shall earn interest in accordance with the provisions of Act 967~~ Interest on the account is applied as allowed by law. Interest shall be credited to each individual account at the end of each fiscal year.

The member must terminate his/her employment from Arkansas State Police and start receiving a retirement benefit within ~~five~~ seven years of the date participation begins. The amount in the Deferred Option Plan account may be taken in one of the following methods:

- A lump sum
- A lifetime annuity
- A 5, 10, 15, or 20-year annuity
- A partial lump sum and the balance in a lifetime annuity or a 5, 10, 15, or 20- year annuity.

The monthly payment amount for an annuity will be ~~determine~~ determined by the System's actuary.

The monthly retirement benefit, exclusive of the Deferred Option Plan account, payable to the participant upon termination of employment with the department, shall be the monthly benefit payable at the date participation began in the Deferred Option Plan adjusted for any increases granted to retirees during the period of participation. A member participating in the Deferred Option Plan must make application for regular retirement in the method required for all members of the System.

Amended August 1997, Act 967 of 1995

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RULE 11 - DEFERRED RETIREMENT OPTION PLAN

A member who has 28 years of credited service and who is otherwise eligible for a service retirement pension, full or reduced, may elect to participate in the Deferred Option Plan. The member's application must be submitted on the proper form and received by the administrative office of the Arkansas State Police Retirement System prior to effective date of participation. The effective date of participation must be the first day of a month. Upon approval by the Board of Trustees, the monthly benefit that would have been payable had the member retired shall be paid into the Arkansas State Police Officers' Deferred Option Plan account. If Board approval occurs after the effective date requested, payment shall be retroactive. Interest on the account is applied as allowed by law. Interest shall be credited to each individual account at the end of each fiscal year.

The member must terminate his/her employment from Arkansas State Police and start receiving a retirement benefit within seven years of the date participation begins. The amount in the Deferred Option Plan account may be taken in one of the following methods:

- A lump sum
- A lifetime annuity
- A 5, 10, 15, or 20-year annuity
- A partial lump sum and the balance in a lifetime annuity or a 5, 10, 15, or 20- year annuity.

The monthly payment amount for an annuity will be determined by the System's actuary.

The monthly retirement benefit, exclusive of the Deferred Option Plan account, payable to the participant upon termination of employment with the department, shall be the monthly benefit payable at the date participation began in the Deferred Option Plan adjusted for any increases granted to retirees during the period of participation. A member participating in the Deferred Option Plan must make application for regular retirement in the method required for all members of the System.

Amended August 1997, Act 967 of 1995

1 State of Arkansas
2 93rd General Assembly
3 Regular Session, 2021
4

As Engrossed: H3/16/21

A Bill

HOUSE BILL 1343

5 By: Representative Warren
6 By: Senator Rapert
7

For An Act To Be Entitled

9 AN ACT CONCERNING VOLUNTARY RETIREMENT, DEFERRED
10 RETIREMENT, EMPLOYER CONTRIBUTIONS, THE BENEFIT
11 MULTIPLIER, THE ELECTION TO PARTICIPATE, THE BOARD OF
12 TRUSTEES OF THE STATE POLICE RETIREMENT SYSTEM, AND
13 SYSTEM COSTS; AND FOR OTHER PURPOSES.
14
15

Subtitle

16 CONCERNING VOLUNTARY RETIREMENT, DEFERRED
17 RETIREMENT, EMPLOYER CONTRIBUTIONS, THE
18 BENEFIT MULTIPLIER, THE ELECTION TO
19 PARTICIPATE, THE BOARD OF TRUSTEES OF THE
20 STATE POLICE RETIREMENT SYSTEM, AND
21 SYSTEM COSTS.
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24

25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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27 SECTION 1. Arkansas Code § 24-6-204(a)(2)(A)(i), concerning the Board
28 of Trustees of the State Police Retirement System, is amended to read as
29 follows:

30 (i) One (1) active or retired member enrolled in the
31 Tier I benefits program;
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33 SECTION 2. Arkansas Code § 24-6-209(a), concerning employer
34 contributions under the State Police Retirement System, is amended to read as
35 follows:

36 (a) The Division of Arkansas State Police, as employer, shall make



1 contributions to the State Police Retirement System of ~~twenty-two percent~~
 2 ~~(22%)~~ twenty-six percent (26%) of active member payroll.

3
 4 SECTION 3. Arkansas Code § 24-6-226(a), concerning eligibility for
 5 benefits and voluntary retirement for noncontributory members of Tier I of
 6 the State Police Retirement System, is amended to read as follows:

7 (a)(1) Any member who has acquired five (5) years but less than ~~thirty~~
 8 ~~(30)~~ twenty-eight (28) years of actual service and has attained age sixty-
 9 five (65) may retire upon written application filed with the Board of
 10 Trustees of the State Police Retirement System.

11 (2) Any member who has acquired five (5) or more years of actual
 12 service and has attained age fifty-two (52) may retire upon written
 13 application filed with the State Police Retirement System.

14 (3) Any member who acquired ~~thirty (30)~~ twenty-eight (28) or
 15 more years of actual service may retire at any age upon written application
 16 filed with the board.

17 (4) For those members with less than ~~thirty (30)~~ twenty-eight
 18 (28) actual years of service, the age sixty-five (65) requirement shall be
 19 reduced by one (1) month for every two (2) months of public safety credit,
 20 but in no event to an age younger than fifty-two (52).

21
 22 SECTION 4. Arkansas Code § 24-6-227(a)(1), concerning benefits for
 23 Tier I noncontributory members of the State Police Retirement System, is
 24 amended to read as follows:

25 (a)(1) Upon retirement as provided in this subchapter, a member shall
 26 receive a straight life pension equal to ~~one and fifty-five hundredths~~
 27 ~~percent (1.55%)~~ one and sixty-six-hundredths percent (1.66%) of his or her
 28 final average compensation multiplied by the number of years and any fraction
 29 of a year of his or her credited service.

30
 31 SECTION 5. Arkansas Code § 24-6-301 is amended to read as follows:

32 24-6-301. Election to participate.

33 In lieu of terminating employment and accepting a service retirement
 34 pension, any state police officer who is a member of Tier I of the State
 35 Police Retirement System who has not less than ~~thirty (30)~~ twenty-eight (28)
 36 years of credited service and who is eligible to receive a service retirement

1 pension may elect to participate in the Arkansas State Police Officers
2 Deferred Option Plan and defer the receipt of benefits in accordance with the
3 provisions of this subchapter, provided the Board of Trustees of the State
4 Police Retirement System approves the participation in the plan.

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6 SECTION 6. Arkansas Code § 24-6-404(a), concerning voluntary
7 retirement and eligibility for benefits under the Tier Two Benefit Plan of
8 the State Police Retirement System, is amended to read as follows:

9 (a)(1) Any member who has acquired five (5) years but less than ~~thirty~~
10 ~~(30)~~ twenty-eight (28) years of credited service and has attained age sixty-
11 five (65) may retire upon his or her written application filed with the Board
12 of Trustees of the State Police Retirement System.

13 (2) Any member who has acquired ~~thirty (30)~~ twenty-eight (28) or
14 more years of credited service may retire at any age upon his or her written
15 application filed with the board.

16 (3) For those members with less than ~~thirty (30)~~ twenty-eight
17 (28) credited years of service, the age sixty-five requirement shall be
18 reduced by seventy-five hundredths (0.75) of a month for each credited month
19 of service, but in no event to an age younger than fifty-five (55).

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21 SECTION 7. Arkansas Code § 24-6-406(a)(1), concerning benefits under
22 the Tier Two Benefit Plan for the State Police Retirement System, is amended
23 to read as follows:

24 (a)(1) Upon retirement as provided in this subchapter, a member shall
25 receive a straight life pension equal to ~~two and four hundred seventy-five~~
26 ~~thousandths percent (2.475%)~~ two and sixty-five-hundredths percent (2.65%) of
27 the member's final average compensation multiplied by the number of years and
28 any fraction of a year of his or her service.

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30 SECTION 8. Arkansas Code § 24-6-502 is amended to read as follows:

31 24-6-502. Election to participate in Arkansas State Police Officers'
32 Tier Two Deferred Retirement Option Plan.

33 In lieu of terminating employment and accepting a service retirement
34 pension, a state police officer may elect to participate in the Arkansas
35 State Police Officers' Tier Two Deferred Retirement Option Plan and defer the
36 receipt of benefits in accordance with this subchapter if:

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(1) The state police officer:

(A) Is a member of the State Police Retirement System's Tier Two Benefit Plan under § 24-6-401 et seq.;

(B) Has at least ~~thirty (30)~~ twenty-eight (28) years of actual service as a member of the State Police Retirement System's Tier Two Benefit Plan under § 24-6-401 et seq., including service credit a member earns after April 3, 1997, as a member of the plan under § 24-6-401 et seq. and the member's service credit from a reciprocal retirement system under § 24-2-401; and

(C) Is eligible to receive a service retirement pension;

and

(2) The Board of Trustees of the State Police Retirement System approves the participation in the Arkansas State Police Officers' Tier Two Deferred Retirement Option Plan.

/s/Warren