

1 State of Arkansas  
2 89th General Assembly  
3 Regular Session, 2013  
4

# A Bill

DRAFT JAM/JAM  
SENATE BILL

5 By: Senator J. Key  
6  
7

## For An Act To Be Entitled

9 AN ACT TO REQUIRE AUTOMATIC ENROLLMENT OF NEW STATE  
10 EMPLOYEES IN A DEFERRED COMPENSATION PLAN; TO PROVIDE  
11 OPT-OUT PROVISIONS FOR NEW STATE EMPLOYEES; AND FOR  
12 OTHER PURPOSES.  
13  
14

## Subtitle

15 TO REQUIRE AUTOMATIC ENROLLMENT OF NEW  
16 STATE EMPLOYEES IN A DEFERRED  
17 COMPENSATION PLAN AND TO PROVIDE OPT-OUT  
18 PROVISIONS FOR NEW STATE EMPLOYEES.  
19  
20  
21

22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
23

24 SECTION 1. Arkansas Code Title 21, Chapter 5, Subchapter 5 is amended  
25 to add an additional section to read as follows:

26 21-5-511. Automatic enrollment in deferred compensation plan –  
27 Legislative findings and purpose – Definitions.

28 (a) It is found and determined by the General Assembly that:

29 (1) The average life expectancy in the United States is seventy-  
30 eight (78) years of age;

31 (2) The average retirement age in the United States is sixty-  
32 four (64) years of age for men and sixty-two (62) years of age for women;

33 (3) Longer life spans increase the need for income during the  
34 retirement years;

35 (4) Arkansans should be encouraged to begin saving for their  
36 retirement early;

DRAFT

11-19-2012 15:13:59 JAM016

1           (5) Deferred compensation plans are an important component of a  
2 total retirement benefits package;

3           (6) Participation in a deferred compensation plan is important  
4 for Arkansans' financial security in retirement; and

5           (7) The General Assembly should encourage public employees to  
6 make a deferred compensation plan part of their retirement benefits package,  
7 supplemental to the benefits employees receive under the Arkansas Public  
8 Employees' Retirement System.

9           (b) As used in this section:

10           (1) "Deferred compensation plan" means the Arkansas Diamond  
11 Deferred Compensation Plan or subsequent deferred compensation plan  
12 administered by the Executive Director of the Employee Benefits Division of  
13 the Department of Finance and Administration under this subchapter; and

14           (2) "Employee" means a person employed full time by a public  
15 employer that participates in the system.

16           (c)(1) An employee beginning employment or reemployment on or after  
17 July 1, 2014, in a position covered by the system shall participate in the  
18 deferred compensation plan.

19           (2)(A) However, an employee may elect not to participate in the  
20 deferred compensation plan within thirty (30) days of the employee's date of  
21 hire.

22           (B)(i) If an employee elects not to participate in the  
23 deferred compensation plan, the Executive Director of the Employee Benefits  
24 Division of the Department of Finance and Administration shall refund to the  
25 employee the employee's contributions and any interest accrued on the  
26 employee's contributions.

27           (ii) In refunding contributions and accrued interest  
28 under subdivision (c)(2)(B)(i) of this section, the Executive Director of the  
29 Employee Benefits Division of the Department of Finance and Administration  
30 shall follow procedures established by the Director of the Department of  
31 Finance and Administration.

32           (d)(1) The amount of the contribution for an employee participating in  
33 the deferred compensation plan under subsection (c)(1) of this section is  
34 three percent (3%) of the employee's annual compensation.

35           (2) An employee may elect to contribute an amount greater than  
36 the amount required under subdivision (d)(1) of this section.

1       (e) The employee's contribution to the deferred compensation plan may  
2 be allocated to the investment option chosen by the Department of Finance and  
3 Administration if the employee fails to direct how the contribution should be  
4 invested.

5       (f)(1) The employer shall provide written notice to each employee  
6 subject to this section.

7           (2) The notice provided under this subsection shall:

8                   (A) Be provided to the employee on the employee's first  
9 day of work;

10                   (B) State the following:

11                           (i) The purposes of the deferred compensation plan;

12                           (ii) That the employee may elect to not participate  
13 in the deferred compensation plan but must do so within thirty (30) days of  
14 the employee's date of hire;

15                           (iii) The procedure for notifying the Employee  
16 Benefits Division of the Department of Finance and Administration:

17                                   (a) If the employee elects not to participate  
18 in the deferred compensation plan; and

19                                   (b) Of the investment option under the  
20 deferred compensation plan selected by the employee;

21                                   (iv) The tax consequences of enrolling in the  
22 deferred compensation plan; and

23                                   (v) The amount of the employee's contribution to the  
24 deferred compensation plan per pay period; and

25                           (C) List the telephone number, mailing address, and email  
26 address of the Executive Director of the Employee Benefits Division of the  
27 Department of Finance and Administration.

28       (g) An employee's participation in the deferred compensation plan  
29 under this section is supplemental to all other retirement, pension, and  
30 benefit systems as stated in § 21-5-503.

31       (h) The Director of the Department of Finance and Administration shall  
32 promulgate rules to implement this section.

33  
34  
35  
36