

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas *As Engrossed: S1/16/01 S1/22/01 S1/23/01 S1/31/01*

2 83rd General Assembly

A Bill

Act 151 of 2001

3 Regular Session, 2001

SENATE BILL 99

4

5 By: Senator Faris

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For An Act To Be Entitled

9 AN ACT TO MAKE TECHNICAL CORRECTIONS AND REVISIONS TO
10 ARKANSAS CODE TITLE 24 CHAPTERS 2, 3, 4, AND 6
11 CONCERNING PUBLIC EMPLOYEE RETIREMENT PLANS; AND FOR
12 OTHER PURPOSES.

13

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Subtitle

15 AN ACT TO MAKE TECHNICAL CORRECTIONS AND
16 REVISIONS TO ARKANSAS CODE TITLE 24
17 CHAPTERS 2, 3, 4, AND 6 CONCERNING
18 PUBLIC EMPLOYEE RETIREMENT PLANS.

19

20

21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

22

23 SECTION 1. Arkansas Code 24-2-302 is amended to read as follows:
24 24-2-302. Classification of members.

25 Except as otherwise specifically provided in this subchapter, all
26 employees of the State of Arkansas or any of its political subdivisions who
27 are members or become members of a state retirement system shall be members of
28 the retirement system indicated in this section as follows:

29 (1) All eligible employees of the Arkansas State Highway and
30 Transportation Department shall be members of the Arkansas State Highway
31 Employees' Retirement System;

32 (2) All eligible employees of the Department of Arkansas State
33 Police shall be members of the State Police Retirement System;

34 (3) The following persons shall be members of the Arkansas
35 Teacher Retirement System:

36 (A) Any person employed by a school for the purpose of

1 giving instruction and whose employment requires state certification;

2 (B) Any other person employed by a school in a regular or
3 special position, but specifically excluding employment as a janitor, bus
4 driver, or cafeteria worker;

5 (C) Any person employed by any of the following
6 organizations or agencies, except janitors, bus drivers, and cafeteria
7 workers:

8 (i) Arkansas School for the Blind;

9 (ii) Arkansas School for the Deaf;

10 (iii) Arkansas Activities Association;

11 (iv) A local school board;

12 (v) Chief county school officers;

13 (vi) State Board of Education;

14 (vii) Regional educational cooperatives;

15 (viii) The state surplus property program; and

16 (ix) Arkansas Teacher Retirement System;

17 (D) Any person employed in a position requiring
18 professional training or certification with an area vocational-technical
19 school or employed by the Arkansas Educational Television Commission, except
20 that employees of area vocational-technical schools and the Department of
21 Workforce Education who have elected to participate in an alternate retirement
22 plan established by §§ 24-7-901 - 24-7-908 shall be active members of the
23 alternate retirement plan;

24 (E)(i) Any person employed in a position requiring
25 professional training or certification with the Arkansas Rehabilitation
26 Services of the Department of Workforce Education, the Division of State
27 Services for the Blind of the Department of Human Services, or the Division of
28 Youth Services of the Department of Human Services except those employees who
29 have elected coverage under ~~§§ 24-3-101 - 24-3-105, 24-3-201 - 24-3-214, 24-3-~~
30 ~~301 - 24-3-303, and 24-3-401 - 24-3-414~~ Title 24, Chapter 4.

31 (ii) Membership of employees of the Arkansas
32 Rehabilitation Services of the Department of Workforce Education and the
33 Division of State Services for the Blind of the Department of Human Services
34 shall be subject to the following conditions:

35 (a) Those employees who were employed before
36 January 1, 1985, and who were members of the Arkansas Teacher Retirement

1 System on that date shall continue to be members of the Arkansas Teacher
2 Retirement System, except that in the event the time limit for those employees
3 to change to the noncontributory plan of the Arkansas Public Employees'
4 Retirement System under ~~§ 24-3-214~~ § 24-4-522 is extended beyond January 1,
5 1985, those employees shall have the maximum time allowed by law to elect to
6 make the change;

7 (b) Those employees who were employed before
8 January 1, 1985, and are members of the noncontributory plan of the Arkansas
9 Public Employees' Retirement System on that date shall continue to be members
10 of the Arkansas Public Employees' Retirement System; and

11 (c) Persons whose initial employment by either
12 the Arkansas Rehabilitation Services of the Department of Workforce Education
13 or the Division of State Services for the Blind of the Department of Human
14 Services is on or after January 1, 1985, shall be members of the
15 noncontributory plan of the Arkansas Public Employees' Retirement System; and
16

17 (4) All eligible employees of the State of Arkansas or any of its
18 political subdivisions except those who are members of another legally
19 established state retirement plan shall be members of the Arkansas Public
20 Employees' Retirement System.
21

22 SECTION 2. Arkansas Code 24-2-303(b), concerning erroneous enrollment
23 before January 1, 1979, is amended to read as follows:

24 (b) The member shall receive service credit for all paid membership
25 service in the retirement system, shall be entitled to any free service which
26 was credited to him prior to March 26, 1979, or which is creditable to him
27 under existing laws, and shall also be entitled to reciprocal service credits
28 as provided by §§ 24-2-401 - ~~24-2-405~~ 24-2-407.
29

30 SECTION 3. Arkansas Code 24-2-401(2), concerning the definitions as used
31 in the subchapter on correction of erroneous memberships, is amended to read
32 as follows:

33 (2) "Public safety service covered by the Arkansas Public
34 Employees' Retirement System" means service as a public safety member as
35 defined in ~~§ 24-3-102(14)~~ § 24-4-101(34) and by a person who was employed
36 prior to July 1, 1997;

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SECTION 4. Arkansas Code 24-2-402 is amended to read as follows:

24-2-402. Deferred annuity - Eligibility.

If a member of a reciprocal system left or leaves a position covered by a reciprocal system, if an employee in a position covered by a reciprocal system left the employ of a state employer before the latter position was covered by a reciprocal system, or if an employee in a position later covered by a reciprocal system leaves that position before it is covered by a reciprocal system, which in this section in each case is called the "preceding system", and if that person entered or enters a position covered by a reciprocal system, which in this section is called the "succeeding system", and if the person is a member of the succeeding system after July 1, 1975, then he shall be entitled to a deferred annuity payable by the preceding system subject to the following conditions:

(1) He has credited service acquired in the employ of the preceding state employer;

(2)(A) He does not withdraw his accumulated contributions from the preceding reciprocal system, or if he has withdrawn his accumulated contributions, he deposits with the preceding reciprocal system the amount he withdrew, together with interest from the date of withdrawal to the date of repayment at the rate in effect for the preceding reciprocal system, but that deposit must be made while he is an active member of a reciprocal system.

(B) In addition to the forfeited credited service, the active member of a reciprocal system shall receive credit for his previous employment with a public employer upon his paying the prescribed employee and employer contributions based upon the rate in effect during the previous employment, together with regular interest from the dates for the previous service to the date of repayment.

(C) The provisions for determining a year of service credit shall be the prevailing regulations of each reciprocal system;

(3) He qualifies for age and service retirement in the succeeding reciprocal system using his credited service in force with the preceding reciprocal system plus his credited service acquired in the employ of succeeding state employers to meet the minimum service requirements of the succeeding systems;

(4)(A) His annuity payable by the preceding reciprocal system

1 shall be upon the basis of the annuity formula of the preceding reciprocal
2 system, exclusive of any minimum amount at the time the person begins to
3 receive monthly retirement benefits from that system.

4 (B) The final average ~~salary~~ compensation to be used to
5 determine monthly benefits payable to that person shall be that of the
6 reciprocal system which furnishes the highest final average ~~salary~~
7 compensation at the time of retirement, but each reciprocal system shall use
8 the method of computing final average ~~salary~~ compensation stipulated by its
9 law, and compensation in the Arkansas Judicial Retirement System shall not be
10 used to determine final average compensation.

11 (C) Any person retiring on or after July 1, 1982, with
12 credited service in more than one (1) reciprocal system shall have his
13 benefits recomputed based on the provisions of this section;

14 (5)(A) It is the expressed intention of this subdivision (5) to
15 provide the same death-in-service benefits that would have been payable had
16 the member died while an active member of a reciprocal retirement system.

17 (B) A member who dies in service while a member of one (1)
18 reciprocal system shall be considered as currently employed by all systems in
19 which the member retains credited service.

20 (C) If a member has accrued credited service under the
21 provisions of this subchapter but dies before retirement or before becoming
22 eligible to retire, then the benefits payable shall be those provided by the
23 reciprocal retirement system named in this subchapter, with each system being
24 responsible for the payment of the death-in-service benefits provided by the
25 applicable provisions of its retirement laws.

26 (D) If death-in-service benefits are payable by more than
27 one (1) reciprocal system to eligible survivors of a deceased member, the
28 survivors shall not receive more, as a percentage of the deceased member's
29 final pay or as a minimum dollar amount, than the largest amount payable by
30 any single reciprocal system.

31 (E) Each reciprocal system that has a minimum benefit
32 provision in its plan shall pay only a proportionate share of that minimum
33 amount based on the ratio of service in that system to the total service in
34 all reciprocal systems.

35 (F) If the reciprocal system is an alternate retirement
36 plan under § 24-7-801 et seq. or § 24-7-901 et seq., death-in-service benefits

1 shall be contingent on provision of that benefit having been provided by the
2 alternate retirement plan and having been selected by the member as a benefit;

3 (6) Both service in the Arkansas Public Employees' Retirement
4 System as a member of the General Assembly and service in another reciprocal
5 system during the same period of time may be counted to meet the service
6 requirements for benefits from the reciprocal system subject to the following:

7 (A) The benefit payable by a reciprocal system will be
8 based on the credited service in that system and the final average
9 compensation under that system. However, nothing in this subdivision (6)(A)
10 shall diminish the General Assembly member's right to a benefit for which he
11 is qualified under the provisions of § 24-4-706; and

12 (B) If a member has less than five (5) years of service
13 credited in a reciprocal system, then "final average compensation" means the
14 monthly average of pay to him during his total years of service in that
15 system;

16 (7)(A) If the preceding or succeeding reciprocal system is the
17 Arkansas Judicial Retirement System and the member's benefits are determined
18 under § 24-8-201 et seq., the benefit payable by the Arkansas Judicial
19 Retirement System shall be determined by multiplying ~~one-half (1/2) of the~~
20 ~~annual salary payable to the last judicial office held~~ the benefit provided by
21 § 24-8-218 by the following fraction:

22 (i) The numerator shall be the number of the actual
23 years of service credited in the Arkansas Judicial Retirement System as a
24 justice of the Arkansas Supreme Court or judge of the circuit or chancery
25 courts or the Arkansas Court of Appeals; and

26 (ii) The denominator shall be fourteen (14) years.

27 (B) In no instance shall the benefit payable by the
28 Arkansas Judicial Retirement System exceed ~~one-half (1/2) of the annual salary~~
29 ~~payable to the last judicial office held~~ the benefit provided by § 24-8-218;

30 (8)(A)(i) If the preceding or succeeding reciprocal system offers
31 a deferred retirement option plan for its members, both service in the
32 preceding and the succeeding reciprocal system may be counted to meet the
33 minimum service credit requirements for benefits under a system's deferred
34 retirement option plan.

35 (ii) The benefit payable by the preceding reciprocal
36 system shall be based on the annuity formula of the preceding reciprocal

1 system, exclusive of any minimum amount at the time the person begins to
2 receive monthly retirement benefits from that system under its deferred
3 retirement option provisions.

4 (iii) The final average compensation to be used to
5 determine monthly benefits payable to that person shall be that of the
6 reciprocal system which furnishes the highest final average ~~salary~~
7 compensation at the time of retirement, but each reciprocal system shall use
8 the method of computing final average ~~salary~~ compensation stipulated by its
9 law, and compensation in the Arkansas Judicial Retirement System shall not be
10 used to determine final average compensation.

11 (iv) Any interest credited to the deferred retirement
12 account will be paid to the member's account under the deferred retirement
13 option benefit program in effect for that system.

14 (B) The boards of trustees of each preceding or succeeding
15 system shall promulgate rules and regulations as are necessary to coordinate
16 their benefits with any system providing a deferred retirement option plan;
17 and

18 (9) If the preceding or succeeding reciprocal system is an
19 alternate retirement plan for a college, university or the Department of
20 Higher Education provided for under § 24-7-801 et seq., or for a vocational -
21 technical school or the Department of Workforce Education provided for under §
22 24-7-901 et seq., the benefits payable shall be in accordance with terms
23 specified in the written alternate retirement plan document for purchasing the
24 insurance policies or annuity contracts, both fixed and variable in nature,
25 for the participants.

26
27 SECTION 5. Arkansas Code 24-2-403 is amended to read as follows:

28 24-2-403. Date of annuity payment.

29 (a) The date a member's annuity, if any, becomes payable by each
30 reciprocal system shall be determined by those provisions in force for each
31 reciprocal system.

32 (b) In no case shall any annuity become payable nor be paid prior to
33 the date the member retires from, and ceases to be, in the employ of ~~a state~~
34 an employer covered by a reciprocal system as defined in § 24-2-401(3).

35
36 SECTION 6. Arkansas Code 24-2-405(a), concerning disability benefits,

1 is amended to read as follows:

2 (a) A member of a reciprocal system with ~~ten (10)~~ five (5) or more
3 years of credited service in two (2) or more reciprocal systems shall be
4 eligible to apply for disability benefits from each reciprocal system in which
5 he has credited service.

6
7 SECTION 7. Arkansas Code 24-2-502(b), concerning purchased credited
8 service, is amended to read as follows:

9 (b) The benefit program to be applicable to the credited service for
10 members of the Arkansas Public Employees' Retirement System or the State
11 Police Retirement System shall be:

12 (1) The benefit program of ~~§§ 24-3-101—24-3-105, 24-3-201—24-~~
13 ~~3-214, 24-3-301—24-3-303, and 24-3-401, 24-3-402, 24-3-404—24-3-406, 24-~~
14 ~~3-408, 24-3-409, and 24-3-414 if the member is not making regular member~~
15 ~~contributions to the system and if he paid no employee contribution to~~
16 ~~purchase the military service~~ Chapter 4 of Title 24 for members of the
17 Arkansas Public Employees' Retirement System; or

18 (2) The benefit program based on ~~§§ 24-4-101—24-4-105, 24-4-~~
19 ~~201, 24-4-203, 24-4-205, 24-4-207—24-4-209, 24-4-301—24-4-304, 24-4-401,~~
20 ~~24-4-402, 24-4-507, 24-4-508, 24-4-510—24-4-513, 24-4-601—24-4-603, 24-4-~~
21 ~~605, and 24-4-606 for members of the Arkansas Public Employees' Retirement~~
22 ~~System or the benefit program based on §§ 24-6-201—24-6-217, 24-6-222, and~~
23 ~~24-6-223~~ Chapter 6 of Title 24 for members of the State Police Retirement
24 System ~~if the member is making regular member contributions to the system.~~

25
26 SECTION 8. Arkansas Code Title 24, Chapter 2 is amended to add
27 additional sections to read as follows:

28 24-2-601. Investment authority and limitations generally.

29 (a) All investments of the retirement systems covered by this
30 subchapter shall be in strict compliance with the provisions of this
31 subchapter.

32 (b) The term "trust" as used in this subchapter refers to the following
33 Arkansas retirement systems:

- 34 (1) The State Police Retirement System;
- 35 (2) The Arkansas Public Employees' Retirement System;
- 36 (3) The Arkansas Teacher Retirement System;

- 1 (4) The Arkansas State Highway Employees' Retirement System; and
- 2 (5) The Arkansas Judicial Retirement System.

3 (c) The term "trustees" as used in this subchapter refers to boards of
4 trustees of the systems referenced in subsection (b) of this section.

5

6 24-2-602. Investment authority and limitations - Permissible
7 investments.

8 (a) The boards of trustees of the State Police Retirement System, the
9 Arkansas Public Employees' Retirement System, the Arkansas Teacher Retirement
10 System, the Arkansas State Highway Employees' Retirement System, and the
11 Arkansas Judicial Retirement System shall have full power to invest and
12 reinvest the moneys of the respective systems and to hold, purchase, sell,
13 assign, transfer, or dispose of any of the investments so made as well as the
14 proceeds of the investments and moneys.

15 (b) However, the investments and reinvestments shall only be made in
16 accordance with the prudent investor rule set forth in this subchapter.

17

18 24-2-603. Investment authority and limitations - Default setoff.

19 (a) In the event of default in payment of the principal or interest of
20 any investment obligation held by any state retirement system where the issuer
21 of the obligation receives moneys from the state, the default shall be
22 certified by the board of the respective system to the Treasurer of State.

23 (b) He shall withhold all moneys due the issuer from the state until
24 the default, together with regular interest thereon, is satisfied.

25

26 24-2-604. Investment authority and limitations - Conflict of interest.

27 Except as to the rights of a member, retirant, or beneficiary, no
28 trustee and no officer or employee of the board of any state retirement system
29 shall have any interest, directly or indirectly, in the gains or profits of
30 any investment made by the respective board; nor shall any retirement system
31 trustee, officer, or employee, directly or indirectly for himself or as an
32 agent, in any manner use the assets of the systems except to make such current
33 and necessary payments as are authorized by the respective boards, nor shall
34 any of them become an endorser or surety or, in any manner, an obligor for
35 moneys loaned by or borrowed from any of the respective systems.

36

1 24-2-605. Investment authority and limitations - Fidelity bonds.

2 (a) The boards of trustees of the respective retirement systems shall
3 provide for a one million dollar (\$1,000,000) blanket fidelity bond covering
4 the employees of the systems or such others as may be responsible for
5 administering the funds.

6 (b) The boards may pay the premiums for the bond from funds of the
7 systems.

8
9 24-2-606. Investment authority and limitations - Custodianship of
10 assets.

11 (a) The Treasurer of State shall be the legal custodian of the
12 securities of the respective retirement systems. However, the systems may
13 deposit with the Treasurer of State, in lieu of securities, safekeeping
14 receipts or evidence of federal bookkeeping entries.

15 (b) The financial institution or depository issuing the safekeeping
16 receipts, unless issued by an agency of the federal government, shall have on
17 file with the Treasurer of State a letter of the issuer's bonding or insurance
18 company, stating the amount of insurance currently in force covering loss or
19 theft of the securities.

20 (c) In addition, the boards of trustees of the respective retirement
21 systems, if deemed necessary to facilitate particular investment transactions,
22 the settlement of security transactions, redemption of particular securities,
23 or collection of investment income, may select and designate such banks, trust
24 companies, or central depositories as may be appropriate to act as legal
25 custodian of their securities.

26
27 24-2-607. Investment authority and limitations - Trust account.

28 (a) In addition to the various retirement systems funds established as
29 trust funds in the State Treasury, a bank trust fund or funds may be
30 established and maintained in such depository bank or banks as may be
31 designated by the boards of trustees of the respective retirement systems.

32 (b) Each bank fund shall consist of and there may be deposited in the
33 fund:

34 (1) Any and all employer contributions, including any interest;

35 (2) Any and all employee contributions, including any interest;

36 (3) Interest, dividend, and other incomes realized from

1 investments and reinvestments;

2 (4) Interest earned upon any moneys in the fund; and

3 (5) Such other proceeds as may be derived from the sale,
4 exchange, redemption, transfer, or disposition of any securities or
5 investments.

6 (c) The following disbursements may be made from the bank funds:

7 (1) Payments for any and all securities and investments, the
8 purchase of which is authorized by law, which may include principal, accrued
9 interest, commission, taxes, and fees;

10 (2) Payments for money manager and custodian bank fees;

11 (3) The deposit to the appropriate State Treasury fund for the
12 payment of annuities and refunds as authorized by law that are paid on
13 vouchers issued by the respective retirement systems and on warrants issued
14 thereon by the Auditor of State;

15 (4) The payment of annuities and refunds as authorized by law
16 that are paid on cash fund vouchers issued by the respective retirement
17 systems and on checks or wire transfers issued from bank funds; and

18 (5) The deposit to the appropriate State Treasury fund for the
19 payments of salaries, maintenance, and operating expenses of the retirement
20 systems supported from investment earnings.

21
22 24-2-608. Investment authority and limitations - Arkansas-related
23 investments.

24 (a) In acquiring, investing, reinvesting, exchanging, retaining,
25 selling, and managing funds held by each of the trusts, fiduciaries
26 administering the systems shall manage the funds so as to favorably impact the
27 economic condition of and maximize capital investment in the State of Arkansas
28 when appropriate investment alternatives are available.

29 (b) It is the intention of the General Assembly that, as assets become
30 available for investment, the systems shall seek to invest not less than five
31 percent (5%) nor more than ten percent (10%) of their portfolio in Arkansas-
32 related investments.

33 (c) In calculating the percentage of Arkansas-related investments, the
34 systems shall not include Federal National Mortgage Association investments
35 nor Government National Mortgage Association investments.

36 (d) Nothing in this section shall in any way limit or impair the

1 responsibility of a fiduciary to invest in accordance with the prudent
2 investor rule set forth in §§ 24-2-610 - 24-2-619.

3
4 24-2-609. Registration of securities in name of nominee - Powers and
5 duties of nominee.

6 (a) The boards of trustees of the various state retirement systems are
7 authorized to register stocks, bonds, notes, and other securities held by and
8 for the systems in the name of a designated nominee.

9 (b) Such action as is necessary to establish a nominee and a nominee
10 agreement may be taken.

11 (c) The nominee agreement shall specify that the nominee shall not have
12 or claim any beneficial interest whatsoever in any stocks, bonds, notes, and
13 other securities held in the name of the nominee; that is, all beneficial
14 interest in the stocks, bonds, notes, and other securities and in the
15 interest, dividends, and capital gains derived therefrom shall be vested in
16 the respective state retirement systems.

17 (d) The nominee shall have no power to undertake any obligation on
18 behalf of the nominee, except upon the direction of the particular state
19 retirement system.

20 (e) The nominee may endorse securities and take other necessary actions
21 in the purchase, registration, and sale of stocks, bonds, notes, and other
22 securities, subject always to the provisions of this section.

23
24 24-2-610. Prudent investor rule.

25 (a) Except as otherwise provided in subsection (b) of this section,
26 trustees who invest and manage trust assets owe a duty to the beneficiaries of
27 the trust to comply with the prudent investor rule set forth in this
28 subchapter.

29 (b) The prudent investor rule, a default rule, may be expanded,
30 restricted, eliminated, or otherwise altered by the provisions of a trust.
31 Trustees are not liable to a beneficiary to the extent that the trustees acted
32 in reasonable reliance on the provisions of the trust.

33
34 24-2-611. Standard of care - Portfolio strategy - Risk and return
35 objectives.

36 (a) Trustees shall invest and manage trust assets as a prudent investor

1 would, by considering the purposes, terms, distribution requirements, and
2 other circumstances of the trust. In satisfying this standard, the trustees
3 shall exercise reasonable care, skill, and caution.

4 (b) The trustees' investment and management decisions respecting
5 individual assets must be evaluated not in isolation but in the context of the
6 trust portfolio as a whole and as a part of an overall investment strategy
7 having risk and return objectives reasonably suited to the trust.

8 (c) Among circumstances that trustees shall consider in investing and
9 managing trust assets are such of the following as are relevant to the trust
10 or its beneficiaries:

11 (1) General economic conditions;

12 (2) The possible effect of inflation or deflation;

13 (3) The expected tax consequences of investment decisions or
14 strategies;

15 (4) The role that each investment or course of action plays
16 within the overall trust portfolio, which may include financial assets,
17 interests in closely held enterprises, tangible and intangible personal
18 property, and real property;

19 (5) The expected total return from income and the appreciation of
20 capital;

21 (6) Other resources of the beneficiaries;

22 (7) Needs for liquidity, regularity of income, and preservation
23 or appreciation of capital; and

24 (8) An asset's special relationship or special value, if any, to
25 the purposes of the trust or to one (1) or more of the beneficiaries.

26 (d) Trustees shall make a reasonable effort to verify facts relevant to
27 the investment and management of trust assets.

28 (e) Trustees may invest in any kind of property or type of investment
29 consistent with the standards of this subchapter.

30 (f) Trustees who have special skills or expertise, or are named
31 trustees in reliance upon the trustees' representation that the trustees have
32 special skills or expertise, have a duty to use their special skills or
33 expertise.

34
35 24-2-612. Diversification.

36 Trustees shall diversify the investments of the trust unless the

1 trustees reasonably determine that, because of special circumstances, the
2 purposes of the trust are better served without diversifying.

3
4 24-2-613. Duties at inception of trusteeship.

5 (a) Within a reasonable time after accepting a trusteeship or receiving
6 trust assets, trustees shall review the trust assets and make and implement
7 decisions concerning the retention and disposition of assets, in order to
8 bring the trust portfolio into compliance with the purposes, terms,
9 distribution requirements, and other circumstances of the trust, and with the
10 requirements of this subchapter.

11 (b) Trustees shall develop an investment policy. This policy shall be a
12 written statement of goals for the fund and rules to be followed to achieve
13 those goals. Trustees shall measure performance of the fund and shall measure
14 each manager's performance against benchmarks jointly agreed upon by the
15 trustees and managers.

16
17 24-2-614. Loyalty.

18 Trustees shall invest and manage the trust assets solely in the interest
19 of the members and benefit recipients of the trust.

20
21 24-2-615. Impartiality.

22 If a trust has two (2) or more beneficiaries, the trustees shall act
23 impartially in investing and managing the trust assets, taking into account
24 any differing interests of the beneficiaries.

25
26 24-2-616. Investment costs - Limitations on investment authority.

27 (a) In investing and managing trust assets, trustees may only incur
28 costs that are appropriate and reasonable in relation to the assets, the
29 purposes of the trust, and the skills of the trustee.

30 (b) Trustees may delegate investment functions to an agent that a
31 prudent trustee of comparable skills could properly delegate as provided in §
32 24-2-618.

33
34 24-2-617. Reviewing compliance.

35 Compliance with the prudent investor rule is determined in light of the
36 facts and circumstances existing at the time of the trustees' decisions or

1 actions and are not by hindsight.

2
3 24-2-618. Delegation of investment and management functions.

4 (a) Trustees may delegate investment and management functions that a
5 prudent trustee of comparable skills could properly delegate under the
6 circumstances. The trustees shall exercise reasonable care, skill, and caution
7 in:

8 (1) Selecting an agent;

9 (2) Establishing the scope and terms of the delegation,
10 consistent with the purposes and terms of the trust; and

11 (3) Periodically reviewing the agent's actions in order to
12 monitor the agent's performance and compliance with the terms of the
13 delegation.

14 (b) In performing a delegated function, an agent owes a duty to the
15 trust to exercise reasonable care to comply with the terms of the delegation.

16 (c) Trustees who complied with the requirements of subsection (a) of
17 this section are not liable to the beneficiaries or to the trust for the
18 decisions or actions of the agent to whom the function was delegated.

19 (d) By accepting the delegation of a trust function from the trustees
20 of a trust that is subject to the law of this state, an agent submits to the
21 jurisdiction of the courts of this state.

22 (e) Single agent or exclusive agency delegations by the trustees shall
23 be discouraged. Trustees shall delegate investment and management functions
24 to a single agent or an exclusive agency arrangement only after the trustee
25 has determined the exclusive agency arrangement is in the best interest of the
26 trust, has exercised extraordinary care and caution in selecting the exclusive
27 agent, and has arranged to periodically review in detail the agent's actions
28 to monitor their performance and compliance with the terms of the delegation.

29
30 24-2-619. Language invoking standard of subchapter.

31 The following terms or comparable language in the provisions of a trust,
32 unless otherwise limited or modified, authorizes any investment or strategy
33 permitted under this subchapter:

34 (1) "Investments permissible by law for investment of trust
35 funds";

36 (2) "Legal investments";

1 (3) "Authorized investments";

2 (4) "Using the judgment and care under the circumstances then
3 prevailing that persons of prudence, discretion, and intelligence exercise in
4 the management of their own affairs, not in regard to speculation but in
5 regard to the permanent disposition of their funds, considering the probable
6 income as well as the probable safety of their capital";

7 (5) "Prudent man rule";

8 (6) "Prudent trustee rule";

9 (7) "Prudent person rule"; and

10 (8) "Prudent investor rule".

11
12 24-2-701. Financial objectives and actuarial valuation.

13 (a) The general financial objective of each Arkansas public employee
14 retirement plan shall be to establish and receive contributions which,
15 expressed as percentages of active member payroll, will remain approximately
16 level from generation to generation of Arkansas citizens. More specifically,
17 contributions received each year shall be sufficient both:

18 (1) To fully cover the costs of benefit commitments being made to
19 members for their service being rendered in that year; and

20 (2) To make a level payment which, if paid annually over a
21 reasonable period of future years, will fully cover the unfunded costs of
22 benefit commitments for service previously rendered. Alternatively, if the
23 costs of benefit commitments for service previously rendered are overfunded,
24 the plan may deduct a level payment which, if deducted annually over a
25 reasonable period of future years, will fully liquidate the overfunded portion
26 of such costs.

27 (b) Each Arkansas public employee retirement plan shall cause an
28 actuarial valuation of the plan or fund to be made at least biennially, and
29 preferably annually, to determine how well the plan is meeting the objectives
30 set forth in subsection (a) of this section.

31 (c) The employer contribution rates to the retirement systems shall be
32 as follows:

33 (1) For the Arkansas Teacher Retirement System, twelve percent
34 (12%);

35 (2) For the Arkansas State Police Retirement System, twenty-two
36 percent (22%); and

1 (3) The Board of Trustees of the Arkansas Public Employees'
2 Retirement System shall establish employer rates prospectively each year, and
3 the rates shall be based on the actuary's determination of the rate required
4 to fund the plan in accordance with the objectives set forth in subsection (a)
5 of this section. The contribution rates shall be the rates determined by the
6 annual actuarial valuation.

7 (d) Subsection (c) of this section shall not be construed as affecting
8 in any way the existing methods of determining the years of credited service
9 for computing benefits or determining retirement eligibility.

10
11 24-2-702. Reports.

12 (a) Each Arkansas public employees' retirement system shall have an
13 annual financial audit performed by the Division of Legislative Audit and
14 prepared in accordance with the financial accounting and reporting standards
15 set forth for public pension plans by the Governmental Accounting Standards
16 Board.

17 (b)(1) In addition, if approved by the board of trustees of an Arkansas
18 public employees' retirement system, a system may also select another
19 independent auditor to perform a separate financial audit of the respective
20 system.

21 (2) Prior to entering the contract for the additional audit, the
22 public employees' retirement system shall provide the Legislative Joint
23 Auditing Committee the reasons, in writing, for the need of the additional
24 financial audit.

25 (3) All contracts for audits shall be in compliance with the
26 state's fiscal laws and regulations.

27 (4) A copy of each audit report prepared by another independent
28 auditor shall be provided to the Legislative Joint Auditing Committee, the
29 Legislative Council, and the Governor.

30
31 24-2-703. Tax exemptions.

32 (a) The assets of the Arkansas Public Employees' Retirement System, the
33 Arkansas State Police Retirement System, the Arkansas Judicial Retirement
34 System, the Arkansas State Highway Employees' Retirement System and the
35 Arkansas Teacher Retirement System are exempt from taxes by the state or any
36 political subdivision or agency thereof.

1 (b)(1) It is the purpose of this section to provide equitable tax
 2 treatment to persons receiving benefits from alternate publicly supported
 3 retirement or annuity plans of the state's colleges and universities and the
 4 Department of Higher Education.

5 (2) It is not the intent of this section to reduce the income tax
 6 exemption provided by law to any person in regard to retirement or survivor
 7 benefits.

8
 9 SECTION 9. Arkansas Code Title 24, Chapter 3 is repealed.

10 ~~24-3-101.—Purpose.—~~

11 ~~The purpose of this chapter is to establish uniform benefit~~
 12 ~~specifications to apply to specified public employees in Arkansas and to~~
 13 ~~establish minimum financing, accounting, and reporting standards for named~~
 14 ~~public employee retirement plans in Arkansas.—~~

15
 16 ~~24-3-102.—Definitions.—~~

17 ~~As used in this chapter, unless the context otherwise requires:—~~

18 ~~(1) "Actuarial equivalent" means a benefit of equal reserve value~~
 19 ~~where "reserve" means the present value of all payments to be made on account~~
 20 ~~of any benefit based upon such reasonable rates of interest and tables of~~
 21 ~~experience as a plan shall adopt from time to time;—~~

22 ~~(2) "Actuary" means a qualified actuary with experience in~~
 23 ~~retirement plan financing. Membership in the American Academy of Actuaries~~
 24 ~~shall be sufficient for a person to be deemed a qualified actuary;—~~

25 ~~(3) "Age" means age on last birthday;—~~

26 ~~(4) "Annuity" means a monthly amount payable throughout the life~~
 27 ~~of a person or for a temporary period;—~~

28 ~~(5) "Beneficiary" means any person except a retirant who is~~
 29 ~~receiving, or is designated by a member to receive, a plan benefit;—~~

30 ~~(6) "Benefit program" means a schedule of benefits or benefit~~
 31 ~~formulas from which the amounts of benefits can be determined;—~~

32 ~~(7) "Credited service" means employment covered by a named plan~~
 33 ~~which is credited as service by a named plan, subject to the provisions of §~~
 34 ~~24-3-301;—~~

35 ~~(8)(A)(i)(a) "Final average pay" for members of the Arkansas~~
 36 ~~Public Employees' Retirement System means the average of the highest annual~~

1 ~~compensations paid a member during any period of not less than thirty-six (36)~~
 2 ~~months nor more than forty-eight (48) calendar months of credited service with~~
 3 ~~a public employer with the exact time period to be determined in accordance~~
 4 ~~with the rules and regulations of the Board of Trustees of the Arkansas Public~~
 5 ~~Employees' Retirement System as is actuarially appropriate for the system.~~
 6 ~~Prior to reducing the time period used in determining final average pay, the~~
 7 ~~board of trustees shall file relevant information concerning the actuarial~~
 8 ~~appropriateness of the action with the Joint Interim Committee on Public~~
 9 ~~Retirement and Social Security Programs, and the action shall be reviewed by~~
 10 ~~the committee.~~

11 ~~(b) Should a member have less than the minimum~~
 12 ~~thirty-six (36) calendar months of credited service, "final average pay" means~~
 13 ~~the monthly average of pay to him during his total years of credited service.~~

14 ~~(ii) Any other provision to the contrary~~
 15 ~~notwithstanding, if a member's rate of pay is set by Arkansas Constitution,~~
 16 ~~Amendment 70, § 1, then the member's "final average pay" shall not be less~~
 17 ~~than his monthly rate of pay at the time of separation from covered~~
 18 ~~employment.~~

19 ~~(B)(i) "Final average pay" for members of the State Police~~
 20 ~~Retirement System means the average of the highest annual compensations paid a~~
 21 ~~member during any period of sixty (60) calendar months of credited service~~
 22 ~~with the Department of Arkansas State Police.~~

23 ~~(ii) Should a member have less than sixty (60)~~
 24 ~~calendar months of credited service, "final average pay" means the monthly~~
 25 ~~average of pay to him during his total years of credited service;~~

26 ~~(9) "General Assembly" means the General Assembly of the state;~~

27 ~~(10) "Member" means a public employee who is a member of a named~~
 28 ~~plan;~~

29 ~~(11) "Named plan" means any retirement plan covering Arkansas~~
 30 ~~public employees and named in § 24-3-214(a);~~

31 ~~(12) "Normal retirement age" means, for a member, the youngest of~~
 32 ~~the following ages:~~

33 ~~(A) Age sixty-five (65);~~

34 ~~(B) If the provisions of § 24-3-301(b) are used to~~
 35 ~~determine any portion of total credited service, then the age upon completion~~
 36 ~~of thirty-five (35) years of credited service, but in no event to an age~~

1 younger than fifty five (55);

2 (C) ~~For a member with credited service for employment as a~~
3 ~~public safety employee or as a sheriff, age sixty five (65) reduced by one (1)~~
4 ~~month for each two (2) months of such credited service, but in no event to an~~
5 ~~age younger than fifty five (55), except in the case of members of the State~~
6 ~~Police Retirement System and sheriffs who have a minimum of ten (10) years of~~
7 ~~actual service as a sheriff or who have eight (8) years of actual service as a~~
8 ~~sheriff and a minimum of two (2) years of service in another state supported~~
9 ~~retirement system, for whom the minimum retirement age shall be fifty two~~
10 ~~(52);~~

11 (D) ~~The age upon completion of twenty eight (28) years of~~
12 ~~credited service, if the provisions of § 24-3-301(b) are not used to determine~~
13 ~~any portion of such credited service;~~

14 (E) ~~For members of the General Assembly with twelve (12)~~
15 ~~years of actual service, ten (10) of which must be as a member of the General~~
16 ~~Assembly, at age fifty five (55). Members of the General Assembly who were~~
17 ~~either serving in the General Assembly on July 1, 1979, or held an elected~~
18 ~~office on July 1, 1979, shall be eligible to retire with seventeen and one~~
19 ~~half (17 1/2) years of actual service regardless of age;~~

20 (F) ~~An elected state constitutional officer shall be~~
21 ~~eligible to retire with twenty eight (28) years of credited service at age~~
22 ~~fifty five (55);~~

23 (G) ~~Notwithstanding subdivision (12)(C) of this section, in~~
24 ~~the case of a deputy sheriff who has a minimum of twenty five (25) years of~~
25 ~~actual service as a deputy sheriff, the minimum retirement age shall be fifty-~~
26 ~~two (52);~~

27 (13) ~~"Pay" means the recurring remuneration paid an employee for~~
28 ~~personal services rendered by the employee in a position covered by a~~
29 ~~retirement plan for Arkansas public employees. Should a portion of an~~
30 ~~employee's remuneration be paid him other than in cash, then the cash value of~~
31 ~~such remuneration shall be established by the plan in an amount not to exceed~~
32 ~~the amount the employee is required to report for federal income tax purposes.~~
33 ~~In determining pay, no consideration shall be given to special single sum~~
34 ~~payments paid by an employer, employer contributions to any employee benefit~~
35 ~~plan, or any other unusual or nonrecurring remuneration;~~

36 (14)(A) ~~"Public safety member" means a member whose covered~~

1 ~~employment is for personal services as a police officer or fire fighter and~~
2 ~~his or her employment occurred prior to July 1, 1997.~~

3 ~~(B)(i) "Police officer" means any regular or permanent~~
4 ~~employee whose primary duty is law enforcement of a municipal police~~
5 ~~department, a county sheriff's office, or the Department of Arkansas State~~
6 ~~Police, including probationary police officers, and shall also include~~
7 ~~wildlife officers of the Arkansas State Game and Fish Commission and all~~
8 ~~officers and the Director of the State Capitol Police within the office of the~~
9 ~~Secretary of State.~~

10 ~~(ii) The term "police officer" shall not include any~~
11 ~~civilian employee of a police department or any person temporarily employed as~~
12 ~~a police officer during an emergency.~~

13 ~~(C) "Fire fighter" means any regular or permanent employee~~
14 ~~of a fire department whose primary duty is fire fighting, including~~
15 ~~probationary fire fighters, but the term "fire fighter" shall not include any~~
16 ~~civilian employee of a fire department or any person temporarily employed as a~~
17 ~~fire fighter during an emergency.~~

18 ~~(D) The term "public safety member" shall not include a~~
19 ~~member whose employment as a police officer or fire fighter occurred on or~~
20 ~~after July 1, 1997;~~

21 ~~(15) "Retirant" means a former member receiving a plan annuity by~~
22 ~~reason of having been a member;~~

23 ~~(16) "Social security" means the federal social security old age,~~
24 ~~survivors', and disability insurance program; and~~

25 ~~(17) "State" means the State of Arkansas and includes all of its~~
26 ~~duly constituted agencies.~~

27
28 ~~24-3-103. Financial objectives and actuarial valuation.~~

29 ~~(a) The general financial objective of each Arkansas public employee~~
30 ~~retirement plan shall be to establish and receive contributions which,~~
31 ~~expressed as percentages of active member payroll, will remain approximately~~
32 ~~level from generation to generation of Arkansas citizens. More specifically,~~
33 ~~contributions received each year shall be sufficient both:~~

34 ~~(1) To fully cover the costs of benefit commitments being made to~~
35 ~~members for their service being rendered in that year; and~~

36 ~~(2) To make a level payment which, if paid annually over a~~

1 reasonable period of future years, will fully cover the unfunded costs of
2 benefit commitments for service previously rendered. Alternatively, if the
3 costs of benefit commitments for service previously rendered are overfunded,
4 to deduct a level payment which, if deducted annually over twenty (20) future
5 years, will fully liquidate the overfunded portion of such costs.

6 (b) Each Arkansas public employee retirement plan shall cause an
7 actuarial valuation of the plan or fund to be made at least biennially, and
8 preferably annually, to determine how well the plan is meeting the objectives
9 set forth in subsection (a) of this section.

10 (c) The employer contribution rates to the named plans shall be as
11 follows:

12 (1) For the Arkansas Teacher Retirement System, twelve percent
13 (12%);

14 (2) For the Arkansas State Police Retirement System, twenty two
15 percent (22%); and

16 (3) For various divisions of the Arkansas Public Employees'
17 Retirement System, as directed by the Board of Trustees of the Arkansas Public
18 Employees' Retirement System. Employer rates shall be adjusted prospectively
19 on each July 1 and shall be based on the actuary's determination of the rate
20 required to fund the plan in accordance with the objectives set forth in
21 subsection (a) of this section. The contribution rates shall be the rates
22 determined by the annual actuarial valuation.

23 (d) Subsection (c) of this section shall not be construed as affecting
24 in any way the existing methods of determining the years of credited service
25 for computing benefits or determining retirement eligibility.

26
27 24-3-104. Reports.

28 (a) Each Arkansas public employees' retirement system shall have an
29 annual financial audit performed by the Division of Legislative Audit and
30 prepared in accordance with the financial accounting and reporting standards
31 set forth for public pension plans by the Governmental Accounting Standards
32 Board.

33 (b)(1) In addition, if approved by the board of trustees of an Arkansas
34 public employees' retirement system, a system may also select another
35 independent auditor to perform a separate financial audit of the respective
36 system.

1 ~~(2) Prior to entering the contract for the additional audit, the~~
2 ~~public employees' retirement system shall provide the Legislative Joint~~
3 ~~Auditing Committee the reasons, in writing, for the need of the additional~~
4 ~~financial audit.~~

5 ~~(3) All contracts for audits shall be in compliance with the~~
6 ~~state's fiscal laws and regulations.~~

7 ~~(4) A copy of each audit report prepared by another independent~~
8 ~~auditor shall be provided to the Legislative Joint Auditing Committee, the~~
9 ~~Legislative Council, and the Governor.~~

10
11 ~~24-3-105. Tax exemptions.~~

12 ~~(a) The assets of a named plan and those of the Arkansas State Highway~~
13 ~~Employees' Retirement System and the Arkansas Teacher Retirement System are~~
14 ~~exempt from taxes by the state or any political subdivision or agency thereof.~~

15 ~~(b)(1) It is the purpose of this section to provide equitable tax~~
16 ~~treatment to persons receiving benefits from alternate publicly supported~~
17 ~~retirement or annuity plans of the state's colleges and universities and the~~
18 ~~Department of Higher Education.~~

19 ~~(2) It is not the intent of this section to reduce the income tax~~
20 ~~exemption provided by law to any person in regard to retirement or survivor~~
21 ~~benefits.~~

22
23 ~~24-3-106. Determination of benefits for wildlife officers —~~
24 ~~Responsibility for additional costs.~~

25 ~~(a) For purposes of determining benefits under this chapter, all~~
26 ~~credited service, whenever earned, of persons employed as wildlife officers of~~
27 ~~the Arkansas State Game and Fish Commission on July 4, 1983, and of persons~~
28 ~~thereafter employed in such positions prior to July 1, 1997, shall be treated~~
29 ~~as public safety member service.~~

30 ~~(b) The additional cost to the system of this section shall be the~~
31 ~~responsibility of the commission, and the commission shall pay to the system~~
32 ~~an additional twelve percent (12%) of covered payroll at the same time as~~
33 ~~employer contributions are paid by law for other commission employees.~~

34 ~~(c) It is the specific intent of this section to provide that the~~
35 ~~twelve percent (12%) contribution referenced in subsection (b) of this section~~
36 ~~shall be in addition to those required by § 24-3-103(c).~~

1 ~~(d)(1) Any person who is covered on July 3, 1989, by a state-supported~~
2 ~~retirement system and who was a member of the system on July 4, 1983, in a~~
3 ~~position defined by the system as "public safety member" shall receive credit~~
4 ~~for public safety member service for any service as a wildlife officer with~~
5 ~~the commission, which service was rendered before July 4, 1983.~~

6 ~~(2) Provided, the additional cost to the system shall be the~~
7 ~~responsibility of the member, and he shall pay to the system any additional~~
8 ~~cost, as computed by actuarial determination.~~

9
10 ~~24-3-201. Benefit provisions generally.~~

11 ~~(a)(1) Any member in named plan employment may retire with an annuity~~
12 ~~provided for in subsection (e) of this section upon his written application to~~
13 ~~the governing body of his named plan setting forth at what time, not less than~~
14 ~~thirty (30) days nor more than ninety (90) days subsequent to the execution~~
15 ~~and filing of his application, he desires to be retired.~~

16 ~~(2) At the time of his separation from employment and at the time~~
17 ~~so specified for his retirement, the member must have attained normal~~
18 ~~retirement age and must have five (5) or more years of credited service,~~
19 ~~except for members of the General Assembly, who must have ten (10) or more~~
20 ~~years of credited service.~~

21 ~~(3) The member's annuity starting date shall be that date~~
22 ~~established by the provisions in each named plan, and he shall have a right to~~
23 ~~elect an option provided for in § 24-3-203.~~

24 ~~(b) Any person who terminated covered employment prior to July 1, 1979,~~
25 ~~and having at termination a vested interest in the system must be reemployed~~
26 ~~under the system for at least six (6) continuous months before being eligible~~
27 ~~to retire under the noncontributory provisions.~~

28 ~~(c)(1) Total credited service to qualify for a benefit may be service~~
29 ~~with named plans and service with the University of Arkansas system, which~~
30 ~~service is covered by the retirement system recognized by the University of~~
31 ~~Arkansas.~~

32 ~~(2)(A) The benefit payable by named plans shall be based on~~
33 ~~credited service in named plans and on the final average compensation in named~~
34 ~~plans.~~

35 ~~(B) Should a member have less than four (4) years of~~
36 ~~service credited in named plans, "final average compensation" means the~~

1 monthly average of pays to him during his total years of service in named
2 plans.

3 ~~(d)(1) The governing body of a member's employer shall determine the~~
4 ~~compulsory separation age for its employees.~~

5 ~~(2) Upon his separation from his last employment covered by a~~
6 ~~named plan, a member who has attained his normal retirement age shall receive~~
7 ~~an annuity provided for in subsection (e) of this section and shall have the~~
8 ~~right to elect an option provided for in § 24-3-203.~~

9 ~~(e)(1) Upon a member's retirement, he shall receive an annuity for life~~
10 ~~equal to the total of the following amounts:~~

11 ~~(A) For each year of credited service in the Arkansas~~
12 ~~Public Employees' Retirement System resulting from employment in a position~~
13 ~~covered at any time by social security or another federal retirement plan~~
14 ~~supported wholly or in part by employer contributions, one and seventy two~~
15 ~~hundredths percent (1.72%) of his final average pay plus, for each year of~~
16 ~~credited service in the Arkansas Public Employees' Retirement System resulting~~
17 ~~from employment in a position never so covered, two and seven hundredths~~
18 ~~percent (2.07%) of his final average pay;~~

19 ~~(B) For each year of credited service in the State Police~~
20 ~~Retirement System, one and fifty five hundredths percent (1.55%) of his final~~
21 ~~average pay; and~~

22 ~~(C)(i) For a member of the General Assembly, a monthly~~
23 ~~annuity equal to thirty five dollars (\$35.00) times the number of years of~~
24 ~~actual service as a member of the General Assembly; and~~

25 ~~(ii) For a member of the General Assembly who served~~
26 ~~as Speaker of the House of Representatives or President Pro Tempore of the~~
27 ~~Senate, a monthly annuity equal to forty dollars (\$40.00) times the total~~
28 ~~number of years of actual service as a member of the General Assembly.~~

29 ~~(2)(A) In addition, if a member has credited service resulting~~
30 ~~from employment in a position covered at any time by social security or~~
31 ~~another federal retirement plan supported wholly or in part by employer~~
32 ~~contributions, and if that member is retiring as provided in subsections (a)-~~
33 ~~(d) of this section or § 24-3-207(a), and if that member's age at retirement~~
34 ~~is younger than:~~

35 ~~(i) Social security's minimum age for an immediate~~
36 ~~retirement benefit; and~~

1 ~~(ii) Age sixty two (62), then that member of the~~
2 ~~Arkansas Public Employees' Retirement System shall receive a temporary annuity~~
3 ~~equal to thirty three hundredths percent (0.33%) of his final average pay for~~
4 ~~each year of such credited service.~~

5 ~~(B) A similar member of the State Police Retirement System~~
6 ~~shall receive a temporary annuity equal to three hundred twenty two~~
7 ~~thousandths percent (0.322%) of his final average pay for each year of~~
8 ~~credited service.~~

9 ~~(C) The temporary annuity shall terminate at the end of the~~
10 ~~calendar month in which the earliest of the following events occurs:~~

11 ~~(i) The member's death;~~

12 ~~(ii) His attainment of the social security minimum~~
13 ~~age; or~~

14 ~~(iii) His attainment of age sixty two (62).~~

15 ~~(3) It is considered sound public policy that retirement pay not~~
16 ~~exceed working pay except for increases after retirement caused by inflation.~~
17 ~~Accordingly, at the time of retirement, the total of named plan annuities~~
18 ~~resulting from employment in a position also covered by social security shall~~
19 ~~not exceed his final average pay.~~

20 ~~(4) If no temporary annuity is payable as provided in this~~
21 ~~subsection or after the temporary annuity has terminated, and if the member~~
22 ~~has at retirement any credited service for any period of time prior to July 1,~~
23 ~~1991, then the future payments of the annuity for life shall not be less than~~
24 ~~they would have been under the provisions that were in effect on July 1, 1990,~~
25 ~~for this subsection, plus a corresponding increase for any benefit~~
26 ~~enhancements that have been enacted since July 1, 1991.~~

27
28 24-3-202. ~~Benefit provisions—Election between annuities.~~

29 ~~(a) Any member who is eligible to receive a monthly retirement annuity~~
30 ~~from the Arkansas Public Employees' Retirement System and who is otherwise~~
31 ~~receiving or eligible to receive at some future date a retirement annuity from~~
32 ~~another retirement plan authorized by the laws of this state, other than~~
33 ~~social security or another federal retirement plan, which annuity is based~~
34 ~~upon the same pay in whole or in part that is also covered by the Arkansas~~
35 ~~Public Employees' Retirement System, shall be eligible to receive only one (1)~~
36 ~~such annuity.~~

1 ~~(b) The member shall notify each system in writing at the time of~~
2 ~~retirement as to the one (1) plan from which he shall request benefits, and~~
3 ~~this election cannot be changed after benefits begin.~~

4 ~~(c) If the member chooses to receive benefits from a plan other than~~
5 ~~the Arkansas Public Employees' Retirement System, then he shall be eligible to~~
6 ~~receive a refund of his accumulated contributions, if any, to the Arkansas~~
7 ~~Public Employees' Retirement System and any interest which has accrued on the~~
8 ~~contributions.~~

9 ~~(d) The participating public employer who makes, or has made prior to~~
10 ~~March 28, 1981, contributions on behalf of the member, may receive credit~~
11 ~~against future payments due for the contributions paid, if requested by the~~
12 ~~employer.~~

13
14 ~~24-3-203. Benefit provisions—Election of annuity options.~~

15 ~~(a) Before the date the first payment of his annuity becomes due, but~~
16 ~~not thereafter, a member may elect to receive his annuity as a straight life~~
17 ~~annuity or he may elect to have his annuity reduced and nominate a beneficiary~~
18 ~~in accordance with the provisions of one (1) of the following options:~~

19 ~~(1) Option A60—Sixty (60) Months Certain and Life Annuity.—~~

20 ~~(A) Under Option A60, the retirant shall be paid a reduced~~
21 ~~annuity for life with the provision that if the retirant's death occurs before~~
22 ~~sixty (60) monthly payments have been made, then the full reduced annuity~~
23 ~~shall continue to be paid for the remainder of the sixty (60) months to such~~
24 ~~persons and in such shares as the retirant shall have designated in writing~~
25 ~~and filed with the plan.~~

26 ~~(B) If there is no payee surviving, the lump sum actuarial~~
27 ~~equivalent of the remaining monthly payments shall be paid to the estate of~~
28 ~~the last survivor among the retirant and the designated persons.~~

29 ~~(C) The reduced annuity shall be ninety six percent (96%)~~
30 ~~of the straight life annuity.~~

31 ~~(2) Option A120—One Hundred Twenty (120) Months Certain and~~
32 ~~Life Annuity.—~~

33 ~~(A) Under Option A120, the retirant shall be paid a reduced~~
34 ~~annuity for life with the provision that if the retirant's death occurs before~~
35 ~~one hundred twenty (120) monthly payments have been made, the full reduced~~
36 ~~annuity shall continue to be paid for the remainder of the one hundred twenty~~

1 ~~(120) months to such persons and in such shares as the retirant shall have~~
2 ~~designated in writing and filed with the plan.~~

3 ~~(B) If there is no payee surviving, the lump sum actuarial~~
4 ~~equivalent of the remaining monthly payment shall be paid to the estate of the~~
5 ~~last survivor among the retirant and the designated persons.~~

6 ~~(C) The reduced annuity shall be ninety percent (90%) of~~
7 ~~the straight life annuity.~~

8 ~~(3) Option B50 — Fifty Percent (50%) Survivor Beneficiary~~
9 ~~Annuity.~~

10 ~~(A) Under Option B50, the retirant shall be paid a reduced~~
11 ~~annuity for life with the provision that, upon his death, one half (1/2) of~~
12 ~~the reduced annuity shall be continued throughout the future lifetime of and~~
13 ~~paid to such person as the retirant shall have designated in writing and filed~~
14 ~~with the plan before his annuity starting date. However, that person must be~~
15 ~~either his spouse for not less than one (1) year immediately preceding the~~
16 ~~first payment due date or another person aged forty (40) or older receiving~~
17 ~~more than one half (1/2) support from the retirant for not less than one (1)~~
18 ~~year immediately preceding the first payment due date.~~

19 ~~(B) The reduced annuity to the retirant shall be eighty-~~
20 ~~three percent (83%) if the retirant's age and his beneficiary's age are the~~
21 ~~same on the first payment due date, which shall be decreased by one half~~
22 ~~percent (0.5%) for each year that the beneficiary's age is less than the~~
23 ~~retirant's age, or which shall be increased by one half percent (0.5%), up to~~
24 ~~a maximum of ninety five percent (95%), for each year that the beneficiary's~~
25 ~~age is more than the retirant's age.~~

26 ~~(4) Option B75 — Seventy Five Percent (75%) Survivor Beneficiary~~
27 ~~Annuity.~~

28 ~~(A) Under Option B75, the retirant shall be paid a reduced~~
29 ~~annuity for life with the provision that, upon his death, three quarters (3/4)~~
30 ~~of the reduced annuity shall be continued throughout the future lifetime of~~
31 ~~and paid to such person as the retirant shall have designated in writing and~~
32 ~~filed with the plan before his annuity starting date; however, that person~~
33 ~~must be either his spouse for not less than one (1) year immediately preceding~~
34 ~~the first payment due date or another person aged forty (40) or older~~
35 ~~receiving more than one half (1/2) support from the retirant for not less than~~
36 ~~one (1) year immediately preceding the first payment due date.~~

1 ~~(B) The reduced annuity to the retirant shall be seventy-~~
2 ~~eight percent (78%) if the retirant's age and his beneficiary's age are the~~
3 ~~same on the first due date, which shall be decreased by three quarters percent~~
4 ~~(0.75%) for each year that the beneficiary's age is less than the retirant's~~
5 ~~age, or which shall be increased by three quarters percent (0.75%), up to a~~
6 ~~maximum of ninety percent (90%), for each year that the beneficiary's age is~~
7 ~~more than the retirant's age.~~

8 ~~(b)(1) A death of a spouse or divorce or other marriage dissolution or~~
9 ~~the death of a person forty (40) years of age or older who is the designated~~
10 ~~beneficiary under Option B50 or B75 following retirement shall cancel, at the~~
11 ~~written election of the retirant, Option B50 or B75 elected at retirement to~~
12 ~~provide continuing lifetime benefits to such designated person and return the~~
13 ~~retirant to this straight life or Option A60 or A120 annuity, to be effective~~
14 ~~the month following receipt of his election by the system.~~

15 ~~(2) A retirant who is receiving a straight life or Option A60 or~~
16 ~~A120 annuity and who marries after retirement or within the one (1) year~~
17 ~~immediately preceding retirement may elect to cancel his straight life or~~
18 ~~Option A60 or A120 annuity and may elect Option B50 or B75 providing~~
19 ~~continuing lifetime benefits to his spouse, but only if the election is on a~~
20 ~~form approved by the system and is received by the system not earlier than one~~
21 ~~(1) year after the date of the marriage and not later than eighteen (18)~~
22 ~~months after that date.~~

23 ~~(3) The election shall be effective the first day of the month~~
24 ~~following its receipt.~~

25 ~~(c) If a member fails to elect an option, his annuity shall be paid him~~
26 ~~as a straight life annuity.~~

27 ~~(d)(1) If a member of the State Police Retirement System fails to elect~~
28 ~~an option, his annuity shall be paid him as a straight life annuity.~~

29 ~~(2)(A)(i) In the event the retirant dies and leaves a spouse to~~
30 ~~whom the retirant was married at least three (3) years prior to the date of~~
31 ~~his retirement, the surviving spouse shall receive an annuity equal to~~
32 ~~seventy five percent (75%) of the retirant's annuity, but only if the spouse~~
33 ~~has under care the retirant's dependent children whose dates of birth are~~
34 ~~prior to the retirant's date of retirement.~~

35 ~~(ii) When the spouse no longer has under care such a~~
36 ~~dependent child, the annuity shall be reduced to fifty percent (50%) of the~~

1 ~~retirant's annuity.~~

2 ~~(iii) Upon the spouse's remarriage or death, the~~
3 ~~annuity provided for in this subsection shall terminate.~~

4 ~~(B)(i) In the event the retirant dies and leaves a spouse~~
5 ~~to whom he was married at least three (3) years prior to the date of his~~
6 ~~retirement and who does not have under care the retirant's dependent children,~~
7 ~~the surviving spouse shall receive an annuity equal to fifty percent (50%) of~~
8 ~~the retirant's annuity.~~

9 ~~(ii) Upon the spouse's remarriage or death, the~~
10 ~~annuity provided for in this subsection shall terminate.~~

11 ~~(C)(i) In the event the retirant dies and does not leave a~~
12 ~~spouse eligible for an annuity as provided for in this subsection, or in the~~
13 ~~event the surviving spouse dies or remarries and the annuity provided for in~~
14 ~~this subsection is terminated, and there is surviving the retirant a dependent~~
15 ~~child, or children, each such child shall receive an annuity of an equal share~~
16 ~~of seventy five percent (75%) of the retirant's annuity.~~

17 ~~(ii) In no case shall the annuity payable to any such~~
18 ~~child exceed twenty five percent (25%) of the retirant's annuity.~~

19 ~~(3)(A)(i) A child shall be a dependent child until his death, his~~
20 ~~marriage, or his attainment of age eighteen (18), whichever occurs first.~~

21 ~~(ii)(a) However, the age eighteen (18) maximum shall~~
22 ~~be extended as long as the child is continuously enrolled as a full-time~~
23 ~~student at an accredited secondary school or accredited postsecondary~~
24 ~~institution of higher education, but in no event beyond his attainment of age~~
25 ~~twenty three (23).~~

26 ~~(b) The eighteen-year maximum shall also be~~
27 ~~extended for any child who has been deemed physically or mentally incompetent~~
28 ~~by a court with jurisdiction over the individuals or by the board, for as long~~
29 ~~as the incompetency exists.~~

30 ~~(B) Once a child ceases to be dependent, his annuity shall~~
31 ~~terminate and there shall be a redetermination of the amount payable to any~~
32 ~~remaining dependent children.~~

33 ~~(C) The board of trustees is hereby authorized to establish~~
34 ~~through rules and regulations a means of verification of enrollment in a~~
35 ~~secondary school or postsecondary institution of higher education by a~~
36 ~~surviving dependent child under this subsection for purposes of annuity~~

1 benefits.

2 ~~(4) If a surviving spouse who is receiving survivor's benefits~~
 3 ~~under this subsection remarries and the benefits are discontinued and the~~
 4 ~~surviving spouse again becomes unmarried, benefits provided in this section~~
 5 ~~for the spouse shall be resumed.~~

6 ~~(5)(A) Effective July 1, 1991, benefits shall be resumed for any~~
 7 ~~surviving spouse who had remarried but is unmarried on that date, but no such~~
 8 ~~benefit will be paid the surviving spouse for any period prior to July 1,~~
 9 ~~1991.~~

10 ~~(B)(i) The provisions of subdivision (d)(2) of this section~~
 11 ~~shall be retroactive to June 1, 1990.~~

12 ~~(ii) Any surviving beneficiary of a state police~~
 13 ~~officer retiree shall apply with the system for benefits set forth in~~
 14 ~~subdivision (d)(2) of this section on the form approved by the system.~~

15 ~~(iii) Such application must be received by the system~~
 16 ~~within sixty (60) days after March 20, 1991, or within sixty (60) days of the~~
 17 ~~death of the retiree, whichever is later.~~

18 ~~(iv) The benefits provided in this subsection shall~~
 19 ~~become effective the first day of the month following receipt of the~~
 20 ~~application form by the system.~~

21 ~~(e) The surviving spouse of a member of the Arkansas Public Employees'~~
 22 ~~Retirement System who retired on or after February 1, 1991, and who elected a~~
 23 ~~straight life annuity shall be entitled to receive a survivor's annuity equal~~
 24 ~~to the amount that would have been received had the member elected Option B75,~~
 25 ~~provided:~~

26 ~~(1) The member dies within twelve (12) months of the effective~~
 27 ~~date of retirement; and~~

28 ~~(2) The surviving spouse makes application to the Arkansas Public~~
 29 ~~Employees' Retirement System within six (6) months of the date of the member's~~
 30 ~~death or, if the member is deceased prior to August 13, 1993, within six (6)~~
 31 ~~months of August 13, 1993.~~

32

33 ~~24-3-204. Benefit provisions—Lump sum payment of reserve value.~~

34 ~~(a) The plan may pay the reserve value of any annuity benefit to a~~
 35 ~~retiree or beneficiary when the annuity benefit payment is less than twenty~~
 36 ~~dollars (\$20.00) per month except that the consent of the payee shall be~~

1 required if the payment exceeds one thousand seven hundred fifty dollars
2 (\$1,750).

3 (b) The reserve value shall be the actuarial equivalent of the annuity
4 otherwise payable.

5 (c) Any lump sum payment so made shall be a complete discharge of all
6 liability under the plan with respect to the annuity.

7
8 ~~24-3-205. Benefit provisions—Redetermination of benefit.~~

9 (a) Each July 1 the system shall redetermine the amount of each monthly
10 benefit which has been payable by the system for at least twelve (12) full
11 calendar months. The redetermined amount shall be payable for the following
12 twelve (12) calendar months.

13 (b) The redetermined amount shall be the amount of the benefit payable
14 as of the immediately preceding July 1 increased by three percent (3%).

15
16 ~~24-3-206. Benefit provisions—Termination of employment.~~

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

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

33 (i) The provisions of § 24-3-301 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 pay

1 ~~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 ~~pay" means the monthly average of pay to him during his total years of service~~
5 ~~in that system;~~

6 ~~(2) The member lives to his annuity starting date;~~

7 ~~(3) The member makes written application for retirement and~~
8 ~~payment of the annuity to the plan on or after the date which is ninety (90)~~
9 ~~days before the date he attains his normal retirement age;~~

10 ~~(4) The annuity starting date shall be the first day of the~~
11 ~~calendar month next following the later of either the attainment of normal~~
12 ~~retirement age or receipt of the application; and~~

13 ~~(5) Upon termination of public safety service with all Arkansas~~
14 ~~governmental units, a public safety employee who was employed prior to July 1,~~
15 ~~1997, and whose public safety service was covered at different times by the~~
16 ~~Arkansas Public Employees' Retirement System and by the Arkansas Local Police~~
17 ~~and Fire Retirement System shall receive retirement benefits based upon public~~
18 ~~safety service covered by either system if all of the following conditions are~~
19 ~~satisfied:~~

20 ~~(A) "Public safety service covered by the Arkansas Public~~
21 ~~Employees' Retirement System" means service as a public safety member as~~
22 ~~defined in § 24-3-102 and by a person who was employed prior to July 1, 1997;~~
23 ~~and~~

24 ~~(B) The total of public safety service credit in the~~
25 ~~Arkansas Public Employees' Retirement System and the Arkansas Local Police and~~
26 ~~Fire Retirement System is at least twenty (20) years, provided the provisions~~
27 ~~of § 24-3-301(b) are not used to meet the service requirements; and~~

28 ~~(C) The benefit payable by each system shall be based upon~~
29 ~~the service credit with that system, the benefit program the system had in~~
30 ~~effect at the time the member terminated service covered by the system, and~~
31 ~~his service and pay covered by the system while the service was being~~
32 ~~rendered.~~

33 ~~(b) The monthly amount of vested termination annuity shall be computed~~
34 ~~in the same manner as a normal annuity amount provided for in § 24-3-201(e),~~
35 ~~but it shall be based upon the member's credited service and final average pay~~
36 ~~at the time of termination of named plan employment.~~

1 ~~(c) The member shall have the right to elect an option provided for in~~
2 ~~§ 24-3-203.~~

3
4 ~~24-3-207. Benefit provisions—Early retirement.~~

5 ~~(a)(1) Any member or former member with sufficient years of credited~~
6 ~~service to qualify for a vested termination annuity who has not attained his~~
7 ~~normal retirement age may retire with an early annuity provided for in~~
8 ~~subsection (b) of this section upon his written application to the plan~~
9 ~~setting forth at what time, not less than thirty (30) days nor more than~~
10 ~~ninety (90) days subsequent to the execution and filing of his application, he~~
11 ~~desires to be retired.~~

12 ~~(2) The member or former member eligible for a vested termination~~
13 ~~annuity must have at least five (5) years of actual service and be within ten~~
14 ~~(10) years of normal retirement age, except for members of the General~~
15 ~~Assembly, who must have at least ten (10) years of credited service and be~~
16 ~~within ten (10) years of normal retirement age.~~

17 ~~(b) Upon early retirement, a member shall receive a certain percentage~~
18 ~~of an annuity for life provided for in § 24-3-201(e), which percentage shall~~
19 ~~be one hundred percent (100%) reduced by one half of one percent (0.5%)~~
20 ~~multiplied by the number of months by which his age at early retirement is~~
21 ~~younger than his normal retirement age, using what his normal retirement age~~
22 ~~would have been if he had continued named plan covered employment from the~~
23 ~~time of early retirement.~~

24
25 ~~24-3-208. Benefit provisions—Disability retirement.~~

26 ~~(a)(1)(A) Except for members of the General Assembly who need at least~~
27 ~~ten (10) years of credited service, any active member with five (5) or more~~
28 ~~years of actual service, including credited service for at least eighteen (18)~~
29 ~~of the twenty four (24) calendar months immediately preceding his disability,~~
30 ~~who becomes totally and permanently physically or mentally incapacitated for~~
31 ~~any suitable job or position as an employee as a result of a personal injury~~
32 ~~or disease may be retired by the board of trustees upon written application~~
33 ~~filled with the board by or on behalf of the member.~~

34 ~~(B) This may take place only if after a medical examination~~
35 ~~of the member made by or under the direction of a physician or physicians~~
36 ~~designated by the board, the physician reports to the board in writing that:~~

1 ~~(i) The member is physically or mentally totally~~
2 ~~incapacitated for any suitable job or position;~~

3 ~~(ii) The incapacity will probably be permanent; and~~

4 ~~(iii) The member should be retired.~~

5 ~~(2) Upon filing the proper application and meeting the~~
6 ~~requirements stated in this section, the disability annuity shall be effective~~
7 ~~the first day of the calendar month next following the later of either his~~
8 ~~termination of active membership or the onset date of the qualifying~~
9 ~~disability.~~

10 ~~(b)(1) Upon disability retirement as provided in subsection (a) of this~~
11 ~~section, a member shall receive an annuity provided for in § 24-3-201(e), and~~
12 ~~his disability retirement and annuity shall be subject to the provisions of~~
13 ~~subsections (c) and (d) of this section.~~

14 ~~(2) When a person retired on disability under this chapter~~
15 ~~reaches the age required for full age and service retirement benefits, his~~
16 ~~retirement status shall be changed from that of disability to superannuation~~
17 ~~and he shall be eligible to return to employment subject to the provisions of~~
18 ~~§ 24-3-211 [repealed].~~

19 ~~(c)(1) At least once each year during the first five (5) years~~
20 ~~following a member's retirement on account of disability and at least once in~~
21 ~~each three-year period thereafter, the board may require any disability~~
22 ~~retirant who has not attained the normal retirement age for full age and~~
23 ~~service retirement benefits to undergo a medical examination to be made by or~~
24 ~~under the direction of a physician or physicians designated by the board.~~

25 ~~(2)(A) If such a retirant refuses to submit to a medical~~
26 ~~examination in any such period, his disability annuity may be suspended by the~~
27 ~~board until his withdrawal of his refusal.~~

28 ~~(B) If his refusal continues for one (1) year, all his~~
29 ~~rights in and to a disability annuity may be revoked by the board.~~

30 ~~(3) If, upon a medical examination of a retirant, the physician~~
31 ~~reports to the board that the retirant is physically and mentally able and~~
32 ~~capable for a suitable job or position as an employee, his disability~~
33 ~~retirement shall terminate.~~

34 ~~(d)(1) If a disability retirant secures employment with an employer not~~
35 ~~considered a public employer, as defined by § 24-4-101, for the purpose of~~
36 ~~determining whether he is capable of returning to employment, then the~~

1 ~~disability retiree shall be allowed to earn compensation from the employment~~
2 ~~for a period of time not to exceed nine (9) months, during which period of~~
3 ~~time the retiree shall receive no monthly benefits from the system.~~

4 ~~(2) If the retiree becomes unable to continue his employment~~
5 ~~before the nine-month period expires, then his disability retirement benefits~~
6 ~~from the system shall be reinstated and be effective the first day of the~~
7 ~~month after terminating his employment.~~

8 ~~(3) Only one (1) trial work period is allowed any disability~~
9 ~~retiree, but the nine (9) months need not be consecutive.~~

10 ~~(4) The trial work period does not prevent the consideration of~~
11 ~~any medical evidence which may demonstrate recovery before the ninth month of~~
12 ~~trial work.~~

13 ~~(5)(A) If, at the end of the nine-month trial work period, the~~
14 ~~retiree wishes to continue his employment outside the system, then his~~
15 ~~disability retirement status shall terminate.~~

16 ~~(B) For the purpose of determining his eligibility for any~~
17 ~~other benefit, he shall be considered to have terminated active membership as~~
18 ~~of the time of disability retirement but for a reason other than disability or~~
19 ~~death.~~

20 ~~(6)(A) If the former disability retiree again becomes an~~
21 ~~employee of a public employer as defined by § 24-4-101, he shall immediately~~
22 ~~again become a member of the system, and his credited service at the time of~~
23 ~~his disability retirement shall be restored to his credit.~~

24 ~~(B) The amount of his accumulated contributions at the time~~
25 ~~of his disability retirement shall be restored to his credit in the members'~~
26 ~~deposit account, but in no event shall he be given service credit for the~~
27 ~~period he was in receipt of his disability annuity.~~

28 ~~(7) Should the former disability retiree again become totally~~
29 ~~and permanently disabled within twenty-four (24) months immediately following~~
30 ~~his return to membership or qualify for benefits by reason of age and service,~~
31 ~~the eighteen (18) months' credited service requirement specified in subsection~~
32 ~~(a) of this section shall be waived.~~

33 ~~(e)(1) As used in this section, "suitable job or position" means a job~~
34 ~~or position the requirements of which can be physically or mentally performed,~~
35 ~~as determined by a physician, and for which the remuneration would be~~
36 ~~substantially gainful.~~

1 ~~(2) In case of doubt as to what would be substantially gainful,~~
2 ~~the board shall have the final power to decide the question.~~

3 ~~(3) Any former member who is or was approved for disability by~~
4 ~~the Social Security Administration but whose onset date does not meet the~~
5 ~~provision of subdivision (a)(1)(A) of this section that requires credited~~
6 ~~service for eighteen (18) of the twenty four (24) months immediately preceding~~
7 ~~the disability, may be retired by the board upon written application to the~~
8 ~~board subject to the following:~~

9 ~~(A) The onset date determined by the Social Security~~
10 ~~Administration is within twenty four (24) months of the date of termination~~
11 ~~from covered employment;~~

12 ~~(B) The former member furnishes a written statement to the~~
13 ~~board from a physician approved by the board that the former member was~~
14 ~~suffering at the time of termination from an illness or injury that~~
15 ~~subsequently led to the disability determination; and~~

16 ~~(C) Retirement payments authorized under this section shall~~
17 ~~be effective on the first day of the next month following approval by the~~
18 ~~board of the written application and shall not be retroactive.~~

19
20 ~~24-3-209. Benefit provisions—Death.~~

21 ~~(a) If an active member with five (5) or more years of credited~~
22 ~~service, including credited service for the year immediately preceding his~~
23 ~~death, dies in employer service before retirement, the applicable benefits~~
24 ~~provided in this section shall be paid, upon written application to the board.~~

25 ~~(b)(1)(A) In the event that a member dies and is not being paid on that~~
26 ~~date by his employer due solely to illness incurred before he left the payroll~~
27 ~~and the death occurs within one (1) year of the last payroll, or if the~~
28 ~~member's death occurs on or after July 1, 1998, and long term disability~~
29 ~~provided by the employer was being paid at the time of death and the date of~~
30 ~~death is within eighteen (18) months of the last payroll, then the member~~
31 ~~shall be considered, for purposes of this section, to have died as an active~~
32 ~~member if all other necessary provisions of this section are met.~~

33 ~~(B) For purposes of computing benefits provided by this~~
34 ~~section, the deceased member's compensation at the time of death shall be his~~
35 ~~compensation for the year immediately preceding the cessation of his pay.~~

36 ~~(2)(A) If an active member with five (5) or more years of~~

1 ~~credited service does not have credited service for the year immediately~~
2 ~~preceding death due to illness which eventually leads to his death or due to~~
3 ~~his employer's removing the member from the payroll because of temporary~~
4 ~~economic conditions of the employer or weather conditions, the active member~~
5 ~~shall be considered, only for eligibility purposes of this section, to have~~
6 ~~credited service for the year preceding death.~~

7 ~~(B) Benefits shall be paid according to the compensation~~
8 ~~earned during the year preceding death.~~

9 ~~(3) If a member died between July 1, 1982, and March 22, 1983,~~
10 ~~his surviving spouse, dependent children, or dependent parents shall be~~
11 ~~eligible for the benefits provided in this section if the member's~~
12 ~~contributions have not been refunded or, if refunded, if the contributions and~~
13 ~~interest are repaid to the system plus regular interest as defined by § 24-4-~~
14 ~~101(26) from the date withdrawn to the date repaid.~~

15 ~~(4) The effective date of benefits provided in this section shall~~
16 ~~in no event be prior to the first day of the calendar month next following the~~
17 ~~date payment is received by the system.~~

18 ~~(c)(1) The member's surviving spouse who was married to the member at~~
19 ~~least the one (1) year immediately preceding his death shall receive an~~
20 ~~annuity computed in the same manner in all respects as if the member had~~
21 ~~retired the date of his death with entitlement to an annuity provided for in §~~
22 ~~24-3-201(e), elected the Option B75 survivor annuity provided for in § 24-3-~~
23 ~~203, and nominated his spouse as joint beneficiary.~~

24 ~~(2)(A)(i) If the member has satisfied the age and service~~
25 ~~requirement provided for in § 24-3-201(a) and (b) or had acquired twenty (20)~~
26 ~~years' credited service, then the spouse annuity shall commence immediately~~
27 ~~and be payable for her life.~~

28 ~~(ii) If the member has not satisfied the age and~~
29 ~~service requirement provided for in § 24-3-201(a) and (b) or had not acquired~~
30 ~~twenty (20) years of credited service, then the spouse annuity shall commence~~
31 ~~immediately and be payable until the earlier of her remarriage or death.~~

32 ~~(B)(i) A surviving spouse who is otherwise eligible but~~
33 ~~whose benefit has been deferred because the spouse did not meet the age~~
34 ~~requirements in effect before July 1, 1999, shall be eligible to commence a~~
35 ~~spouse annuity effective July 1, 1999.~~

36 ~~(ii) The spouse annuity shall not be retroactive.~~

1 ~~(3) The spouse annuity shall not be less than ten percent (10%)~~
2 ~~of the deceased member's covered compensation at the time of death.~~

3 ~~(4) In any event, as long as the surviving spouse has in her care~~
4 ~~any of the deceased member's dependent children receiving a benefit provided~~
5 ~~for in this section, there shall be payable to her a spouse annuity which~~
6 ~~shall not be less than ten percent (10%) of the deceased member's compensation~~
7 ~~at the time of death.~~

8 ~~(d)(1) The member's dependent child or dependent children shall each~~
9 ~~receive an annuity of the greater of either ten percent (10%) of the member's~~
10 ~~covered compensation at the time of death or an equal share of one hundred~~
11 ~~fifty dollars (\$150) monthly.~~

12 ~~(2) If there are three (3) or more dependent children, each~~
13 ~~dependent child shall receive as an annuity an equal share of the greater of~~
14 ~~either twenty five percent (25%) of the member's covered compensation or one~~
15 ~~hundred fifty dollars (\$150) monthly.~~

16 ~~(3)(A) A child shall be a dependent child until his death, his~~
17 ~~marriage, or his attainment of age eighteen (18), whichever occurs first.~~

18 ~~(B)(i) However, the age eighteen (18) maximum shall be~~
19 ~~extended as long as the child continues uninterruptedly being a full-time~~
20 ~~student at an accredited secondary school, college, or university but in no~~
21 ~~event beyond his attainment of age twenty three (23).~~

22 ~~(ii) The age eighteen (18) maximum shall also be~~
23 ~~extended for any child who has been deemed physically or mentally incompetent~~
24 ~~by an Arkansas court of competent jurisdiction or by the board for as long as~~
25 ~~the incompetency exists.~~

26 ~~(4) Upon a child's ceasing to be a dependent child, his annuity~~
27 ~~shall terminate, and there shall be a redetermination of the amounts payable~~
28 ~~to any remaining dependent children.~~

29 ~~(e) If, at the time of the member's death, there is neither a spouse~~
30 ~~nor a dependent child, each dependent parent shall receive an allowance of the~~
31 ~~greater of either ten percent (10%) of the member's covered compensation or an~~
32 ~~equal share of one hundred fifty dollars (\$150) monthly, but only if the board~~
33 ~~finds that the parent was dependent for at least fifty percent (50%) of his~~
34 ~~financial support upon the member.~~

35 ~~(f)(1) If no annuity can become payable to a dependent child due to the~~
36 ~~death of the member, and a surviving spouse or dependent parents are the only~~

1 persons who will be eligible for monthly benefits and the spouse or dependent
2 parents are also the designated beneficiaries of the member, then, in that
3 event, the surviving spouse or dependent parent may elect to receive a refund
4 of the member's accumulated contributions as provided in § 24-4-602(d) in lieu
5 of any benefits which could become payable under this chapter.

6 ~~(2) The option to choose a refund of the member's contribution~~
7 ~~shall also be afforded to any spouse or dependent parent qualified under this~~
8 ~~section whose eligibility for the benefit occurred before the passage of this~~
9 ~~chapter and who could not exercise that option.~~

10 ~~(3) Once the refund of the deceased member's accumulated~~
11 ~~contributions has been made to the surviving spouse or dependent parents under~~
12 ~~this subsection, the recipient shall have no future claim to monthly~~
13 ~~retirement benefits due to the death of the member.~~

14 ~~(g)(1) In the event all the annuities provided for in this section~~
15 ~~payable on account of the death of a member terminate before there has been~~
16 ~~paid an aggregate amount equal to his accumulated contributions standing to~~
17 ~~his credit in the members' deposit account at the time of his death, the~~
18 ~~difference between the accumulated contributions and the aggregate amount of~~
19 ~~annuity payments shall be paid to such person as he shall have nominated by~~
20 ~~written designation duly executed and filed with the board.~~

21 ~~(2) If there is no designated person surviving a termination, the~~
22 ~~difference shall be paid to the member's estate.~~

23 ~~(h)(1) The surviving spouse of a member who has served at least ten~~
24 ~~(10) calendar years in the General Assembly shall be entitled to a benefit not~~
25 ~~less than one hundred percent (100%) of the benefit the member was receiving~~
26 ~~or would have been entitled to receive had he been of retirement age.~~

27 ~~(2) The spouse shall begin to receive the survivor benefits~~
28 ~~provided in this subsection at age sixty (60) if the member had at least ten~~
29 ~~(10) actual years of General Assembly service, at age fifty five (55) if the~~
30 ~~member had at least fourteen (14) actual years of General Assembly service,~~
31 ~~and at age fifty (50) if the member had at least eighteen (18) actual years of~~
32 ~~General Assembly service.~~

33 ~~(3) The benefits shall cease immediately upon the death or~~
34 ~~remarriage of the surviving spouse.~~

35 ~~(4) If, upon the death of a member of the General Assembly, the~~
36 ~~surviving spouse is also eligible for the benefits provided in subsections~~

1 ~~(a) (g) of this section, then the benefits provided by this subsection shall~~
 2 ~~be the only benefit payable to the survivors of the member or former member.~~

3 ~~(5) The provisions of this subsection shall apply to active,~~
 4 ~~deferred, and retired General Assembly members as well as surviving spouses of~~
 5 ~~General Assembly members receiving benefits under this subsection on or after~~
 6 ~~February 1, 1991.~~

7 ~~(i) All annuities payable under the provisions of this section shall be~~
 8 ~~effective the first day of the calendar month next following the month in~~
 9 ~~which the survivor becomes eligible for benefits as provided by law.~~

10 ~~(j)(1) In the case of a surviving spouse of a deceased member who had~~
 11 ~~benefits terminated due to remarriage under the provisions of this section,~~
 12 ~~the surviving spouse of the member shall be entitled to a reinstatement of~~
 13 ~~benefits upon the death of any subsequent spouse.~~

14 ~~(2) The benefits shall cease immediately upon the death or~~
 15 ~~remarriage of the surviving spouse.~~

16
 17 ~~24-3-210. Benefit provisions—Payment of annuity balance upon death of~~
 18 ~~retirant and beneficiary.~~

19 ~~(a) If a retirant and his eligible beneficiary, if any, both die before~~
 20 ~~they have received in annuity payments a total amount equal to the accumulated~~
 21 ~~contributions and interest standing to the retirant's credit in the plan at~~
 22 ~~the time of his retirement, the difference between the accumulated~~
 23 ~~contributions and the total amount of annuities received by them shall be paid~~
 24 ~~to such persons as the retirant shall have nominated by written designation~~
 25 ~~duly executed and filed with the plan.~~

26 ~~(b) If no designated person survives the retirant and his beneficiary,~~
 27 ~~the difference shall be paid to the estate of the survivor of the retirant and~~
 28 ~~his beneficiary.~~

29
 30 ~~24-3-212. Benefit provisions—Subjection of annuity rights to process~~
 31 ~~of law.~~

32 ~~(a) The right of a person to an annuity, to the return of accumulated~~
 33 ~~contributions, the annuity itself, any annuity option, any other right accrued~~
 34 ~~or accruing under the provisions of §§ 24-3-101—24-3-105, 24-3-201—24-3-~~
 35 ~~210, 24-3-212—24-3-214, 24-3-301—24-3-303, and 24-3-401, 24-3-402, 24-3-~~
 36 ~~404—24-3-406, 24-3-408, 24-3-409, and 24-3-414, and all moneys belonging to~~

1 a plan shall not be subject to execution, garnishment, attachment, the
2 operation of bankruptcy or insolvency laws or any other process of law
3 whatsoever and shall be unassignable, except as is specifically provided in
4 this chapter.

5 (b) An employer shall have the right of setoff for any claim arising
6 from embezzlement by or fraud of a member, retirant, or beneficiary.

7
8 ~~24-3-213. Benefit provisions—Inspection of records.~~

9 Any and all records kept by an Arkansas public retirement system,
10 whether required to be kept by law or board policy, shall be open to public
11 inspection as provided in § 25-19-105, except that individual members' records
12 which are kept for the purpose of compiling information for the members'
13 retirement or social security records shall not be open to the public.

14
15 ~~24-3-214. Applicability of benefit provisions.~~

16 (a) The benefit provisions of §§ 24-3-101—24-3-105, 24-3-201—24-3-
17 210, 24-3-212—24-3-214, 24-3-301—24-3-303, 24-3-401, 24-3-402, 24-3-404—
18 24-3-406, 24-3-408, 24-3-409, and 24-3-414 shall be applicable to specified
19 members of the Arkansas Public Employees' Retirement System and the State
20 Police Retirement System.

21 (b)(1) The benefit provisions of this chapter shall be applicable to
22 each person who has never been a member of a named plan before January 1,
23 1978, and who is employed on or after January 1, 1978, in a position covered
24 by a named plan and who thereby becomes a member.

25 (2) In addition, each other member who was actively employed in a
26 position covered by a named plan on June 30, 1991, may elect to become covered
27 by the benefit provisions of this chapter by written application to, and
28 received by, the governing body of the plan before January 1, 1985.

29 (3)(A)(i) Each other member who was not actively employed in a
30 position covered by a named plan on January 1, 1978, shall become covered by
31 the benefit provisions of this chapter at the time he first becomes so
32 employed after January 1, 1978, unless he elects to become covered by the
33 provisions of his named plan which require member contributions, by written
34 election to, and received by, the governing body of the named plan before the
35 later of January 1, 1986, and six (6) months after he first becomes so
36 employed after January 1, 1978.

1 ~~(ii) However, if the member so elects benefits~~
2 ~~requiring member contributions, he shall pay the member contributions from the~~
3 ~~date of such employment, together with named plan regular interest, from the~~
4 ~~dates the contributions would normally have been received by the named plan to~~
5 ~~the dates of actual payment.~~

6 ~~(B)(i) The benefits of each member's becoming covered by~~
7 ~~the benefit provisions of this chapter shall be computed by applying the~~
8 ~~benefit provisions prescribed by this chapter for all credited service of the~~
9 ~~person rendered before and after January 1, 1978.~~

10 ~~(ii) However, benefit amounts based upon employment~~
11 ~~before January 1, 1978, shall not be less than benefit amounts computed in~~
12 ~~accordance with named plan benefit provisions at the time of retirement which~~
13 ~~require member contributions.~~

14 ~~(c)(1) The benefit provisions of §§ 24-3-101—24-3-105, 24-3-201—24-~~
15 ~~3-210, 24-3-212—24-3-214, 24-3-301—24-3-303, 24-3-401, 24-3-402, 24-3-404~~
16 ~~—24-3-406, 24-3-408, 24-3-409, and 24-3-414, including death and disability~~
17 ~~benefits, shall apply to all credited service rendered before or after the~~
18 ~~date of election of employees of the Department of Human Services in either~~
19 ~~the Arkansas Teacher Retirement System or the Arkansas Public Employees'~~
20 ~~Retirement System.~~

21 ~~(2)(A) Employees of the Department of Human Services and~~
22 ~~employees of the Arkansas Rehabilitation Services of the Department of~~
23 ~~Workforce Education shall be entitled to the benefit amount computed by~~
24 ~~applying the benefit provisions prescribed by this chapter for all credited~~
25 ~~service rendered before and after January 1, 1978, except that benefit amounts~~
26 ~~based upon employment before January 1, 1978, shall not be less than benefit~~
27 ~~amounts computed in accordance with benefit provisions in effect December 31,~~
28 ~~1977.~~

29 ~~(B) On and after January 1, 1993, employees of the Arkansas~~
30 ~~Rehabilitation Services of the Department of Workforce Education who elected~~
31 ~~to be covered by the provisions of this subsection and who are still active~~
32 ~~employees on January 1, 1993, shall be entitled to the benefit amount computed~~
33 ~~by applying the benefit provisions prescribed by this chapter for all credited~~
34 ~~service rendered before and after January 1, 1978, except that benefit amounts~~
35 ~~based upon employment before January 1, 1978, shall be computed in accordance~~
36 ~~with current benefit provisions in effect for the Arkansas Teacher Retirement~~

1 System at the time of their retirement.

2 ~~(3) In computing the benefit under the benefit provisions of this~~
3 ~~chapter, the final average compensation shall be computed upon all service~~
4 ~~before and after the election of the Arkansas Rehabilitation Services employee~~
5 ~~as provided in § 24-3-102(8).~~

6 ~~(d) Each public retirement system in which the employee has served~~
7 ~~shall be responsible financially for the benefit amounts payable to the~~
8 ~~retirant, his survivors, and beneficiaries based upon the ratio of the number~~
9 ~~of years the employee was a member of that public retirement system to the~~
10 ~~total number of years the employee was a member of any of the three (3)~~
11 ~~statewide retirement systems, i.e., the Arkansas Public Employees' Retirement~~
12 ~~System, State Police Retirement System, and Arkansas Teacher Retirement~~
13 ~~System.~~

14 ~~(e)(1)(A) The benefit provisions of §§ 24-3-101, 24-3-105, 24-3-201,~~
15 ~~24-3-210, 24-3-212, 24-3-214, 24-3-301, 24-3-303, 24-3-401, 24-3-402, 24-3-~~
16 ~~404, 24-3-406, 24-3-408, 24-3-409, and 24-3-414 shall be administered by the~~
17 ~~Arkansas Public Employees' Retirement System for the benefit of all employees~~
18 ~~making the option except state police, which shall be administered by the~~
19 ~~State Police Retirement System.~~

20 ~~(B) The Arkansas Public Employees' Retirement System shall~~
21 ~~certify monthly the amount of benefits paid hereunder, and the Arkansas~~
22 ~~Teacher Retirement System shall immediately transfer such amount from its~~
23 ~~benefit account to the proper account designated by the Arkansas Public~~
24 ~~Employees' Retirement System.~~

25 ~~(2) If an employee of the Department of Human Services who~~
26 ~~becomes or has become a member of the Arkansas Public Employees' Retirement~~
27 ~~System under the provisions of this section leaves employment with the~~
28 ~~Department of Human Services and becomes employed in another position covered~~
29 ~~by the Arkansas Teacher Retirement System, his credited service, both before~~
30 ~~and after his service under this chapter, shall be subject to the benefit~~
31 ~~provisions of §§ 24-7-701, 24-7-702, 24-7-704, 24-7-713, 24-7-715, and 24-7-~~
32 ~~716.~~

33 ~~(3) The member shall be eligible to establish reciprocity under~~
34 ~~the provisions of §§ 24-2-401, 24-2-405.~~

35 ~~(4) Members of the Arkansas Teacher Retirement System who have~~
36 ~~not elected to pay contributions to that system on full salary shall not be~~

1 eligible to elect to become covered by the benefit provisions of this chapter
2 unless they first make written application with the Arkansas Teacher
3 Retirement System for full salary coverage for all salaries received from July
4 1, 1969, until the date of making the election to come under the provisions of
5 this chapter and paying to the system the amount of the additional
6 contributions, plus regular interest, for full salary credited service.

7 (f) ~~For a member electing coverage by the benefit provisions of this~~
8 ~~chapter:~~

9 (1) ~~Benefits payable in the event a member dies before retirement~~
10 ~~shall be as provided in this chapter, except that a benefit cannot be less~~
11 ~~than the benefit which would have been paid if the member had died January 1,~~
12 ~~1978;~~

13 (2) ~~Optional forms of annuity available on the total named plan~~
14 ~~annuity shall be the optional forms provided in this chapter; and~~

15 (3) ~~The postretirement increase provisions applicable to the~~
16 ~~total named plan annuity shall be the postretirement increase provisions~~
17 ~~provided in this chapter.~~

18 (g) ~~Any member of a named plan employed prior to January 1, 1978, who~~
19 ~~does not elect in writing to become covered by the benefit provisions of this~~
20 ~~chapter shall not be covered by the benefit provisions of this chapter but~~
21 ~~shall remain in the plan he was in January 1, 1978, and shall continue to make~~
22 ~~regular contributions as provided in the named plan.~~

23 (h) ~~Any member of a named plan who elects in writing to become covered~~
24 ~~by the benefit provisions of this chapter shall be entitled to a refund of any~~
25 ~~accumulated contributions paid on or after January 1, 1978, and prior to the~~
26 ~~date of election.~~

27
28 ~~24-3-215. Conversion from contributory to noncontributory plan—~~
29 ~~Extension of time.~~

30 ~~Any person who, under §§ 24-3-102, 24-3-201, 24-3-203, 24-3-206, 24-3-~~
31 ~~207, 24-3-209, 24-3-214, 24-3-302, and 24-3-303, or any other act, was~~
32 ~~authorized to convert from the contributory plan of the Arkansas Public~~
33 ~~Employees' Retirement System to the noncontributory plan of the Arkansas~~
34 ~~Public Employees' Retirement System prior to January 1, 1985, may convert from~~
35 ~~the contributory plan to the noncontributory plan at any time prior to June~~
36 ~~30, 1996, in the manner prescribed by law for conversion before January 1,~~

1 ~~1985.~~

2
3 ~~24-3-216. Early retirement incentives—State employees.~~

4 ~~(a) In addition to the provisions of § 24-3-201(e)(1):~~

5 ~~(1)(A) A state employee who is an active member of the Arkansas~~
6 ~~Public Employees' Retirement System on March 12, 1987, and who is vested for a~~
7 ~~full age and service annuity and who has credit in the system for three (3)~~
8 ~~consecutive actual years of service with the State of Arkansas immediately~~
9 ~~prior to his retirement date or a state police officer who is an active member~~
10 ~~of the State Police Retirement System on March 12, 1987, and who is vested for~~
11 ~~a full age and service annuity and has credit for three (3) consecutive actual~~
12 ~~years of service with the Department of Arkansas State Police immediately~~
13 ~~prior to his retirement date, may choose two (2) of the retirement incentives~~
14 ~~from subdivisions (a)(1)(B) (F) of this section, provided he retires during~~
15 ~~the period beginning with March 12, 1987, through January 1, 1988, inclusive.~~
16 ~~However, an employee who participates in this retirement incentive program is~~
17 ~~not eligible to accept further employment with the Department of Arkansas~~
18 ~~State Police or in which the state is the employer.~~

19 ~~(B)(i) In addition to his regular annuity, the named plan~~
20 ~~from which the employee retires will pay the cost of the state employee or the~~
21 ~~state police officer member's health and basic life insurance which he is~~
22 ~~eligible to continue as a retirant with the State Employees Group Insurance~~
23 ~~Plan or with the Arkansas State Police Employee Health Plan, as the case may~~
24 ~~be.~~

25 ~~(ii) This payment is to be for the retirant's~~
26 ~~coverage only and to be from the date of his retirement until the retirant's~~
27 ~~death.~~

28 ~~(C) For the purpose of computing the state employee or the~~
29 ~~state police officer member's annuity, his highest annual salary will be~~
30 ~~substituted for his final average pay.~~

31 ~~(D) For the purpose of computing the state employee or the~~
32 ~~state police officer member's annuity, he will receive additional service~~
33 ~~credit equal to ten percent (10%) of his existing service credit.~~

34 ~~(E)(i) For the purpose of computing the state employee or~~
35 ~~the state police officer member's annuity, the social security offset will not~~
36 ~~be used, notwithstanding his annuity plus his social security primary benefit~~

1 may exceed his final average pay.

2 (ii) His annuity will be equal to one and eight-
3 tenths percent (1.8%) of his final average pay multiplied by the number of
4 years and fraction of a year of credited service with the system, provided a
5 state police officer member's annuity will not be less than the amount
6 provided by § 24-6-214(a).

7 (F)(i) A state employee or state police officer member may
8 receive a retirement bonus which is a lump sum payment equal to ten percent
9 (10%) of the final annual salary of the employee not to exceed five thousand
10 dollars (\$5,000).

11 (ii) The retirement bonus shall be paid from the
12 contingency reserve fund of the Arkansas Public Employees' Retirement System
13 as defined in subdivision (a)(3) of this section or the employer's
14 accumulation account of the State Police Retirement System, depending upon
15 from which system the member retires;

16 (2)(A) A state employee who is an active member of the Arkansas
17 Public Employees' Retirement System on March 12, 1987, and who has credit in
18 the system for three (3) consecutive actual years of service with the State of
19 Arkansas immediately prior to his retirement date or a state police officer
20 who is an active member of the State Police Retirement System on March 12,
21 1987, and who has credit for three (3) consecutive actual years of service
22 with the Department of Arkansas State Police immediately prior to his
23 retirement date, and who has credit for not less than ten (10) actual years of
24 service and has attained the age for an early reduced annuity or credit for
25 not less than twenty eight (28) actual years of service, regardless of age,
26 may choose two (2) of the retirement incentives from subdivisions (a)(2)(B)-
27 (G) of this section, provided he retires during the period beginning with
28 March 12, 1987, through January 1, 1988, inclusive. However, an employee who
29 participates in this retirement incentive program is not eligible to accept
30 further employment with the Department of Arkansas State Police or in which
31 the state is the employer.

32 (B)(i) The named plan from which the member retires will
33 pay the cost of the state employee or the state police officer member's health
34 and basic life insurance which he is eligible to continue as a retirant with
35 the State Employees Group Insurance Plan or with the Arkansas State Police
36 Employee Health Plan, as the case may be.

1 ~~(ii) This payment is to be for the retirant's~~
2 ~~coverage only and is to be paid from the date of his retirement until the~~
3 ~~retirant has attained age sixty five (65).~~

4 ~~(C) For the purpose of computing the state employee or the~~
5 ~~state police officer member's annuity, his highest annual salary will be~~
6 ~~substituted for his final average pay.~~

7 ~~(D) If the state employee or state police officer member is~~
8 ~~eligible for an early reduced annuity as provided in § 24-3-207(b) and he is~~
9 ~~within two (2) years of his full annuity age, then his annuity will not be~~
10 ~~reduced because of early retirement.~~

11 ~~(E) If a state employee member has attained his full~~
12 ~~annuity age as provided by § 24-3-102(12)(A) and he is within two (2) years of~~
13 ~~attaining the credited service requirement for a full annuity, then his~~
14 ~~annuity will not be reduced because of early retirement.~~

15 ~~(F) For the purpose of computing the state employee or~~
16 ~~state police officer member's annuity, the social security offset will not be~~
17 ~~used, notwithstanding his annuity plus his social security primary benefit may~~
18 ~~exceed his final average pay. His annuity will be equal to one and eight-~~
19 ~~tenths percent (1.8%) of his final average pay multiplied by the number of~~
20 ~~years and fraction of a year of credited service with the system, provided a~~
21 ~~state police officer member's annuity will not be less than the amount~~
22 ~~provided by § 24-6-214(a) if subdivision (a)(2)(D) of this section is selected~~
23 ~~or § 24-6-214(b)(1) if subdivision (a)(2)(D) of this section is not selected.~~

24 ~~(G)(i) A state employee or state police officer member may~~
25 ~~receive a retirement bonus which is a lump sum payment equal to ten percent~~
26 ~~(10%) of the final annual salary of the employee not to exceed five thousand~~
27 ~~dollars (\$5,000).~~

28 ~~(ii) The retirement bonus shall be paid from the~~
29 ~~contingency reserve fund of the Arkansas Public Employees' Retirement System~~
30 ~~as defined in subdivision (a)(3) of this section or the employer's~~
31 ~~accumulation account of the State Police Retirement System, depending upon~~
32 ~~from which system the member retires.~~

33 ~~(3)(A) "Contingency reserve fund" means that amount of the~~
34 ~~Arkansas Public Employees' Retirement System's assets at cost determined by~~
35 ~~the annual actuarial valuation to be in excess of the total system benefit~~
36 ~~liabilities.~~

1 ~~(B) There shall be annual transfers between the employees'~~
2 ~~accumulation account and the contingency reserve fund as necessary to~~
3 ~~recognize the actuarially determined balance of that fund.~~

4 ~~(4)(A) For those members who retire pursuant to the provisions of~~
5 ~~this section, the amount paid by the State Police Retirement System as the~~
6 ~~cost of the employee's health and basic life insurance shall not exceed the~~
7 ~~amount of the employer's contribution for the coverage on the date of the~~
8 ~~employee's retirement and may be reduced at the time the employee qualifies~~
9 ~~under medicare or medicaid programs.~~

10 ~~(B) Any future increase in the cost of this coverage shall~~
11 ~~be borne by the employee and not by the system from which the employee~~
12 ~~retired.~~

13 ~~(b)(1) No position being vacated as a result of an employee retiring~~
14 ~~pursuant to the provisions of this section shall be filled without the written~~
15 ~~approval of the Governor or the Chief Fiscal Officer of the State.~~

16 ~~(2) For those state elected constitutional officers and members~~
17 ~~of the General Assembly who, as a member of the State Division of the Arkansas~~
18 ~~Public Employees' Retirement System, would qualify by meeting all the~~
19 ~~requirements of this section to retire under the early retirement incentives~~
20 ~~in this section by January 1, 1988, the time period in which they may elect to~~
21 ~~retire under this section shall be extended to the last day of their current~~
22 ~~term for which they are serving.~~

23 ~~(3)(A) Nothing in this section shall be construed to allow an~~
24 ~~elected official to continue to accumulate salary earnings in the system upon~~
25 ~~which his final annuity shall be based.~~

26 ~~(B) An elected official opting to retire under subdivision~~
27 ~~(b)(2) of this section shall have all contributions to the system terminated~~
28 ~~on December 31, 1987.~~

29 ~~(4) Any member of the Arkansas Public Employees' Retirement~~
30 ~~System who qualifies by meeting all the requirements of this section to retire~~
31 ~~under the early retirement incentives in this section by January 1, 1988, and~~
32 ~~who suffered from a work related injury for which benefits were paid under~~
33 ~~compensation laws after July 1, 1986, and before October 1, 1986, and whose~~
34 ~~final annuity would otherwise be reduced due to the reduced salary and lost~~
35 ~~credited service, shall be entitled to obtain credited service for the actual~~
36 ~~time period of reduced salary by paying to the system prior to December 31,~~

1 ~~1987, the amount of money both he and his employer would have contributed on~~
2 ~~his behalf plus interest at the rate of six percent (6%) per annum calculated~~
3 ~~from the date the contributions would have been made until the date he makes~~
4 ~~payment to the system.~~

5
6 ~~24-3-217. Early retirement incentives—County employees.~~

7 ~~(a) In addition to the provisions of § 24-3-201(e):~~

8 ~~(1)(A) A county employee who is an active member of the County~~
9 ~~Division of the Arkansas Public Employees' Retirement System on April 7, 1987,~~
10 ~~and who is vested for a full age and service annuity and who has credit in the~~
11 ~~system for three (3) consecutive actual years of service with the county~~
12 ~~immediately prior to his retirement date may choose two (2) of the retirement~~
13 ~~incentives from subdivisions (a)(1)(B)–(E) of this section, provided he~~
14 ~~retires during the period beginning with April 7, 1987, through January 1,~~
15 ~~1988, inclusive. Provided further, an employee who participates in this~~
16 ~~retirement incentive program is not eligible to accept further employment with~~
17 ~~the county or in which any other county is the employer.~~

18 ~~(B) For the purpose of computing the county employee~~
19 ~~member's annuity, his highest annual salary will be substituted for his final~~
20 ~~average pay.~~

21 ~~(C) For the purpose of computing the county employee~~
22 ~~member's annuity, he will receive additional service credit equal to ten~~
23 ~~percent (10%) of his existing service credit.~~

24 ~~(D)(i) For the purpose of computing the county employee~~
25 ~~member's annuity, the social security offset will not be used, notwithstanding~~
26 ~~his annuity plus his social security primary benefit may exceed his final~~
27 ~~average pay.~~

28 ~~(ii) His annuity will be equal to one and eight-~~
29 ~~tenths percent (1.8%) of his final average pay multiplied by the number of~~
30 ~~years and fraction of a year of credited service with the system.~~

31 ~~(E)(i) A county employee member may receive a retirement~~
32 ~~bonus which is a lump sum payment equal to ten percent (10%) of the final~~
33 ~~annual salary of the employee not to exceed five thousand dollars (\$5,000).~~

34 ~~(ii) The retirement bonus shall be paid from the~~
35 ~~contingency reserve fund of the Arkansas Public Employees' Retirement System;~~

36 ~~(2)(A) A county employee who is an active member of the County~~

1 ~~Division of the Arkansas Public Employees' Retirement System on April 7, 1987,~~
2 ~~who has credit in the system for three (3) consecutive actual years of service~~
3 ~~with the county immediately prior to his retirement date, and who has credit~~
4 ~~for not less than ten (10) actual years of service and has attained the age~~
5 ~~for an early reduced annuity or credit for not less than twenty-eight (28)~~
6 ~~actual years of service regardless of age may choose two (2) of the retirement~~
7 ~~incentives from subdivisions (a)(2)(B)-(F) of this section, provided he~~
8 ~~retires during the period beginning with April 7, 1987, through January 1,~~
9 ~~1988, inclusive. Provided further, an employee who participates in this~~
10 ~~retirement incentive program is not eligible to accept further employment with~~
11 ~~the county or in which another county is the employer.~~

12 ~~(B) For the purpose of computing the county employee~~
13 ~~member's annuity, his highest annual salary will be substituted for his final~~
14 ~~average pay.~~

15 ~~(C) If the county employee member is eligible for an early~~
16 ~~reduced annuity as provided in § 24-3-207(b) and he is within two (2) years of~~
17 ~~his full annuity age, then his annuity will not be reduced because of early~~
18 ~~retirement.~~

19 ~~(D) If a county employee member has attained his full~~
20 ~~annuity age as provided in § 24-3-102 and he is within two (2) years of~~
21 ~~attaining the credited service requirement for a full annuity, then his~~
22 ~~annuity will not be reduced because of early retirement.~~

23 ~~(E)(i) For the purpose of computing the county employee~~
24 ~~member's annuity, the social security offset will not be used, notwithstanding~~
25 ~~his annuity plus his social security primary benefit may exceed his final~~
26 ~~average pay.~~

27 ~~(ii) His annuity will be equal to one and eight-~~
28 ~~tenths percent (1.8%) of his final average pay multiplied by the number of~~
29 ~~years and fraction of a year of credited service with the system.~~

30 ~~(F)(i) A county employee member may receive a retirement~~
31 ~~bonus which is a lump sum payment equal to ten percent (10%) of the final~~
32 ~~annual salary of the employee not to exceed five thousand dollars (\$5,000).~~

33 ~~(ii) The retirement bonus shall be paid from the~~
34 ~~contingency reserve fund of the Arkansas Public Employees' Retirement System.~~

35 ~~(b) No position being vacated as a result of a county employee retiring~~
36 ~~pursuant to the provisions of this section shall be filled without the~~

1 approval by resolution of the quorum court.

2 ~~(c) For those elected county constitutional officers who, as members of~~
3 ~~the County Division of the Arkansas Public Employees' Retirement System, would~~
4 ~~qualify by meeting all the requirements in subsection (a) of this section to~~
5 ~~retire under the early retirement incentives in subsection (a) of this section~~
6 ~~by January 1, 1988, the time period in which they may elect to retire shall be~~
7 ~~extended to the last day of their current term for which they are serving.~~

8 ~~(d)(1) Nothing in this section shall be construed to allow an elected~~
9 ~~official to continue to accumulate salary earnings in the system upon which~~
10 ~~his final annuity shall be based.~~

11 ~~(2) An elected official opting to retire under subsection (c) of~~
12 ~~this section shall have all contributions to the system terminated on December~~
13 ~~31, 1987.~~

14 ~~(e)(1) As used in this section, "contingency reserve fund" means that~~
15 ~~amount of the Arkansas Public Employees' Retirement System's assets at cost~~
16 ~~determined by the annual actuarial valuation to be in excess of the total~~
17 ~~system benefit liabilities.~~

18 ~~(2) There shall be annual transfers between the employee's~~
19 ~~accumulation account and the contingency reserve fund as necessary to~~
20 ~~recognize the actuarially determined balance of that fund.~~

21 ~~(f) Any elected official who qualifies for retirement incentives under~~
22 ~~this section shall forfeit all retirement benefits if he knowingly and~~
23 ~~willfully misstates the amount of his credited service to the retirement~~
24 ~~system.~~

25
26 ~~24-3-218. Maximum benefit limitation.~~

27 ~~(a) Notwithstanding any other provision of this chapter, benefits paid~~
28 ~~under the provisions of this chapter shall not exceed the limitations of~~
29 ~~Section 415 of the Internal Revenue Code that are applicable to governmental~~
30 ~~retirement plans.~~

31 ~~(b)(1) The board of trustees is hereby empowered and authorized to~~
32 ~~promulgate all necessary rules and regulations to implement the limitations of~~
33 ~~Section 415 of the Internal Revenue Code.~~

34 ~~(2) The rules and regulations adopted by the board of trustees~~
35 ~~pursuant to this section shall be amended to reflect any changes in the~~
36 ~~content or application of Section 415 of the Internal Revenue Code enacted by~~

1 ~~the Congress or promulgated by the Internal Revenue Service.~~

2
3 ~~24-3-301. Credited service generally.~~

4 ~~(a) The governing body of each named plan shall establish the amounts~~
5 ~~of service to be credited its members subject to the provisions of subsection~~
6 ~~(b) of this section.~~

7 ~~(b)(1) Employment service by a person who was employed prior to July 1,~~
8 ~~1997, as a public safety member shall be credited at one and one-half (1 1/2)~~
9 ~~times the regular rate for crediting service, and employment service by~~
10 ~~persons employed on and after July 1, 1997, shall be credited at the regular~~
11 ~~rate for crediting service, except that at least five (5) years of actual~~
12 ~~service shall be required to meet the retirement eligibility requirements of~~
13 ~~§§ 24-3-201(a) and (b), 24-3-206(a), 24-3-207(a), and 24-3-208, and at least~~
14 ~~five (5) years of actual service shall be required to meet the eligibility~~
15 ~~requirements of § 24-3-209.~~

16 ~~(2)(A)(i) Employment as Governor by a person first elected to a~~
17 ~~public office covered by the Arkansas Public Employees' Retirement System~~
18 ~~prior to July 1, 1999, shall be credited as service at three (3) times the~~
19 ~~regular rate for credited service.~~

20 ~~(ii) Employment as Governor by a person first elected~~
21 ~~to a public office covered by the Arkansas Public Employees' Retirement System~~
22 ~~on or after July 1, 1999, shall be credited at the regular rate for crediting~~
23 ~~service.~~

24 ~~(B) However, at least four (4) years of actual service~~
25 ~~shall be required to meet the retirement eligibility requirements of §§ 24-3-~~
26 ~~201(a) and (b), 24-3-206(a), 24-3-207(a), and 24-3-208, and at least five (5)~~
27 ~~years of actual service shall be required to meet the eligibility requirements~~
28 ~~of § 24-3-209.~~

29 ~~(3)(A)(i) Employment as an elected state constitutional officer~~
30 ~~by a person first elected to a public office covered by the Arkansas Public~~
31 ~~Employees' Retirement System prior to July 1, 1999, shall be credited at two~~
32 ~~and one-half (2 1/2) times the regular rate for crediting service.~~

33 ~~(ii) Employment as an elected state constitutional~~
34 ~~officer by a person first elected to a public office covered by the Arkansas~~
35 ~~Public Employees' Retirement System on or after July 1, 1999, shall be~~
36 ~~credited at the regular rate for crediting service.~~

1 ~~(B) However, at least five (5) years of actual service~~
2 ~~shall be required to meet the retirement eligibility requirements of §§ 24-3-~~
3 ~~201(a) and (b), 24-3-206(a), 24-3-207(a), and 24-3-208, and at least five (5)~~
4 ~~years of actual service shall be required to meet the eligibility requirements~~
5 ~~of § 24-3-209.~~

6 ~~(4)(A) Employment as a member of the General Assembly shall be~~
7 ~~credited at the regular rate for crediting service, except that at least ten~~
8 ~~(10) years of actual service shall be required to meet the retirement~~
9 ~~eligibility requirements of §§ 24-3-201(a) and (b), 24-3-206(a), 24-3-207(a),~~
10 ~~and 24-3-208, and at least five (5) years of actual service shall be required~~
11 ~~to meet the eligibility requirements of § 24-3-209.~~

12 ~~(B) A member of the General Assembly who at any time has~~
13 ~~served at least six (6) months during a two-year term in the General Assembly~~
14 ~~shall be credited with no more than one (1) year's actual service.~~

15 ~~(5) Employment as an elected public official other than Governor~~
16 ~~or an elected state constitutional officer or a member of the General Assembly~~
17 ~~or an elected public official under the state division of the system shall be~~
18 ~~credited as service at two (2) times the regular rate for crediting service,~~
19 ~~except that at least five (5) years of actual service shall be required to~~
20 ~~meet the retirement eligibility requirements of §§ 24-3-201(a) and (b), 24-3-~~
21 ~~206(a), 24-3-207(a), and 24-3-208, and at least five (5) years of actual~~
22 ~~service shall be required to meet the eligibility requirements of § 24-3-209.~~

23 ~~(6)(A) Employment as an elected public official under the state~~
24 ~~division of the system other than Governor or an elected state constitutional~~
25 ~~officer or a member of the General Assembly by a person first elected to a~~
26 ~~public office covered by the Arkansas Public Employees' Retirement System~~
27 ~~prior to July 1, 1999, shall be credited as service at two (2) times the~~
28 ~~regular rate for crediting service, except that at least five (5) years of~~
29 ~~actual service shall be required to meet the retirement eligibility~~
30 ~~requirements of §§ 24-3-201(a) and (b), 24-3-206(a), 24-3-207(a), and 24-3-~~
31 ~~208, and at least five (5) years of actual service shall be required to meet~~
32 ~~the eligibility requirements of § 24-3-209.~~

33 ~~(B) Employment as an elected public official under the~~
34 ~~state division of the system other than Governor or an elected state~~
35 ~~constitutional officer or a member of the General Assembly by a person first~~
36 ~~elected to a public office covered by the Arkansas Public Employees'~~

1 Retirement System on or after July 1, 1999, shall be credited at the regular
2 rate for crediting service.

3 (c) ~~As used in this section, "elected state constitutional officer"~~
4 ~~means the Lieutenant Governor, Attorney General, Secretary of State, Auditor~~
5 ~~of State, Treasurer of State, and Commissioner of State Lands.~~

6
7 ~~24-3-302. Credited service — Cessation of employment — Reemployment.~~

8 (a)(1)(A) ~~When a member is no longer employed in a position covered by~~
9 ~~a named plan, he shall thereupon cease to be a member.~~

10 (B) ~~Except as otherwise provided in this chapter, upon~~
11 ~~termination of his membership, a member's credited service is forfeited.~~

12 (2) ~~If the person is not a retirant and becomes reemployed in a~~
13 ~~position covered by a named plan, he shall become a member of the named plan,~~
14 ~~and his credited service which did not require member contributions and then~~
15 ~~was forfeited by him at termination of covered employment shall be restored to~~
16 ~~his credit.~~

17 (b)(1) ~~Upon a member's retirement, he shall cease to be a member.~~

18 (2) ~~Except as provided otherwise in this chapter, he shall not~~
19 ~~again become a member.~~

20 (c) ~~Should a former member entitled to a deferred annuity provided for~~
21 ~~in § 24-3-206(b) become employed in a position covered by a named plan before~~
22 ~~becoming a retirant, he shall thereupon cease to be entitled to a deferred~~
23 ~~annuity, and he shall become a member with his last credited service~~
24 ~~reactivated and to be increased by the employment.~~

25
26 ~~24-3-303. Credited service — Reciprocity.~~

27 (a)(1) ~~Upon the retirement of a member whose credited service results~~
28 ~~from employment covered by:~~

29 (A) ~~More than one (1) named plan;~~

30 (B) ~~The Arkansas Teacher Retirement System;~~

31 (C) ~~The Arkansas State Highway Employees' Retirement~~
32 ~~System;~~

33 (D) ~~The Arkansas Judicial Retirement System;~~

34 (E) ~~An alternate retirement plan under § 24-7-801 et seq.~~
35 ~~or § 24-7-901 et seq.; or~~

36 (F) ~~The Arkansas Local Police and Fire Retirement System;~~

1 the amount of his annuity shall be based upon his total credited service in
2 force at the time of his retirement, exclusive of any minimums.

3 ~~(2) Each named plan or retirement system shall be responsible~~
4 ~~financially for only that portion of the annuity based upon the credited~~
5 ~~service in the plan or system.~~

6 ~~(3)(A) The final average compensation on which benefits shall be~~
7 ~~determined shall be based on the period of total credited service for:~~

8 ~~(i) The named plans;~~

9 ~~(ii) The Arkansas Teacher Retirement System;~~

10 ~~(iii) The Arkansas State Highway Employees'~~
11 ~~Retirement System; and~~

12 ~~(iv) The Arkansas Local Police and Fire Retirement~~
13 ~~System, with each plan or system computing the final average compensation by~~
14 ~~the method as determined by its laws.~~

15 ~~(B) Compensation for credited service in the Arkansas~~
16 ~~Judicial Retirement System or an alternate retirement plan under § 24-7-801 et~~
17 ~~seq. or § 24-7-901 et seq. shall not be used to determine final average~~
18 ~~compensation.~~

19 ~~(4) The final average compensation for persons receiving benefits~~
20 ~~from the Arkansas State Highway Employees' Retirement System shall be based on~~
21 ~~the final average compensation at the date of termination of employment~~
22 ~~covered by that system.~~

23 ~~(5) The benefit program to be applied to each portion of credited~~
24 ~~service shall be the benefit program in effect in each plan or system at the~~
25 ~~time of retirement.~~

26 ~~(b)(1) Upon the retirement on disability or death in service of a~~
27 ~~member of either:~~

28 ~~(A) The Arkansas Public Employees' Retirement System;~~

29 ~~(B) The Arkansas Teacher Retirement System;~~

30 ~~(C) The Arkansas State Highway Employees' Retirement~~
31 ~~System;~~

32 ~~(D) The Arkansas Judicial Retirement System;~~

33 ~~(E) The State Police Retirement System;~~

34 ~~(F) An alternate retirement plan under § 24-7-801 et seq.~~
35 ~~or § 24-7-901 et seq.; or~~

36 ~~(G) The Arkansas Local Police and Fire Retirement System;~~

1 who has credited service in more than one (1) of the plans, an annuity shall
2 be payable based upon his total credited service with all systems in force at
3 the time of retirement, with each system being responsible for the payment of
4 such disability or death in service benefits as are provided by the applicable
5 provisions of each system's laws or plan's provisions.

6 (2) If the greatest benefit payable to a survivor is a minimum
7 percentage of the deceased member's final pay or a minimum dollar amount, then
8 each reciprocal system that has a minimum benefit provision in its plan shall
9 only pay a proportionate share of the minimum amount based on the ratio of
10 service in the system to the total service in all reciprocal systems.

11 (3) A member who dies in service while a member of one (1)
12 reciprocal system shall be considered as currently employed by all systems in
13 which the member has credited service at the time of death.

14 (4) If a member has service credit in an alternate retirement
15 plan under § 24-7-801 et seq. or § 24-7-901 et seq., disability and death in-
16 service benefits shall be contingent on provision of those benefits' having
17 been provided by the alternate retirement plan and having been selected by the
18 member as a benefit.

19 (c) Any person retiring on or after July 1, 1982, with credited service
20 in more than one (1) reciprocal system shall have his benefits recomputed
21 based on the provisions of this section.

22 (d) It is the intent of this section to provide reciprocal service
23 credits, as provided by §§ 24-2-401—24-2-405, between contributory and
24 noncontributory members of:

25 (1) The Arkansas Public Employees' Retirement System;

26 (2) The Arkansas Teacher Retirement System;

27 (3) The Arkansas Judicial Retirement System;

28 (4) The Arkansas State Highway Employees' Retirement System;

29 (5) The State Police Retirement System;

30 (6) An alternate retirement plan for a college, university, or
31 the Department of Higher Education provided for under § 24-7-801 et seq. or
32 for a vocational technical school or the Department of Workforce Education
33 provided for under § 24-7-901 et seq.; and

34 (7) The Arkansas Local Police and Fire Retirement System.

35 (e) A member of the Arkansas Public Employees' Retirement System who is
36 receiving a retirement annuity from another reciprocal system as defined in

1 ~~subsection (d) of this section shall not be eligible to use the reciprocal~~
2 ~~provisions of this section or the reciprocal provisions of §§ 24-2-401—24-2-~~
3 ~~405 to determine the benefit payable by the Arkansas Public Employees'~~
4 ~~Retirement System.~~

5
6 ~~24-3-304. Public safety officer.~~

7 ~~A public safety officer who receives or has received credited service at~~
8 ~~one and one-half (11/2) times the regular rate for crediting service may~~
9 ~~change employers and continue to receive credited service at one and one-half~~
10 ~~(11/2) times the regular rate for crediting service, provided:~~

11 ~~(1) The person is employed as a public safety officer; and~~

12 ~~(2) The employer provides public safety officers credited service~~
13 ~~at one and one-half (11/2) times the regular rate for crediting service.~~

14
15 ~~24-3-401. Investment authority and limitations generally.~~

16 ~~(a) All investments of named plans covered by this subchapter shall be~~
17 ~~in strict compliance with the provisions of this subchapter.~~

18 ~~(b) The term "trust" as used in this subchapter refers to the following~~
19 ~~Arkansas retirement systems:~~

20 ~~(1) The State Police Retirement System;~~

21 ~~(2) The Arkansas Public Employees' Retirement System;~~

22 ~~(3) The Arkansas Teacher Retirement System;~~

23 ~~(4) The Arkansas State Highway Employees' Retirement System; and~~

24 ~~(5) The Arkansas Judicial Retirement System.~~

25 ~~(c) The term "trustees" as used in this subchapter refers to boards of~~
26 ~~trustees of the above referenced systems.~~

27
28 ~~24-3-402. Investment authority and limitations—Permissible~~
29 ~~investments.~~

30 ~~(a) The boards of trustees of the State Police Retirement System, the~~
31 ~~Arkansas Public Employees' Retirement System, the Arkansas Teacher Retirement~~
32 ~~System, the Arkansas State Highway Employees' Retirement System, and the~~
33 ~~Arkansas Judicial Retirement System shall have full power to invest and~~
34 ~~reinvest the moneys of the respective systems and to hold, purchase, sell,~~
35 ~~assign, transfer, or dispose of any of the investments so made as well as the~~
36 ~~proceeds of the investments and moneys.~~

1 ~~(b) However, the investments and reinvestments shall only be made in~~
2 ~~accordance with the prudent investor rule set forth in this subchapter.~~

3
4 ~~24-3-404. Investment authority and limitations—Default setoff.~~

5 ~~(a) In the event of default in payment of the principal or interest of~~
6 ~~any investment obligation held by any state retirement system where the issuer~~
7 ~~of the obligation receives moneys from the state, the default shall be~~
8 ~~certified by the board of the respective system to the Treasurer of State.~~

9 ~~(b) He shall withhold all moneys due the issuer from the state until~~
10 ~~the default, together with regular interest thereon, is satisfied.~~

11
12 ~~24-3-405. Investment authority and limitations—Conflict of interest.~~

13 ~~Except as to the rights of a member, retirant, or beneficiary, no~~
14 ~~trustee and no officer or employee of the board of any state retirement system~~
15 ~~shall have any interest, directly or indirectly, in the gains or profits of~~
16 ~~any investment made by the respective board; nor shall any retirement system~~
17 ~~trustee, officer, or employee, directly or indirectly for himself or as an~~
18 ~~agent, in any manner use the assets of the systems except to make such current~~
19 ~~and necessary payments as are authorized by the respective boards, nor shall~~
20 ~~any of them become an endorser or surety or, in any manner, an obligor for~~
21 ~~moneys loaned by or borrowed from any of the respective systems.~~

22
23 ~~24-3-406. Investment authority and limitations—Fidelity bonds.~~

24 ~~(a) The boards of trustees of the respective retirement systems shall~~
25 ~~provide for a one million dollar (\$1,000,000) blanket fidelity bond covering~~
26 ~~the employees of the systems or such others as may be responsible for~~
27 ~~administering the funds.~~

28 ~~(b) The boards may pay the premiums for the bond from funds of the~~
29 ~~systems.~~

30
31 ~~24-3-408. Investment authority and limitations—Custodianship of~~
32 ~~assets.~~

33 ~~(a) The Treasurer of State shall be the legal custodian of the~~
34 ~~securities of the respective retirement systems. However, the systems may~~
35 ~~deposit with the Treasurer of State, in lieu of securities, safekeeping~~
36 ~~receipts or evidence of federal bookkeeping entries.~~

1 ~~(b) The financial institution or depository issuing the safekeeping~~
 2 ~~receipts, unless issued by an agency of the federal government, shall have on~~
 3 ~~file with the Treasurer of State a letter of the issuer's bonding or insurance~~
 4 ~~company, stating the amount of insurance currently in force covering loss or~~
 5 ~~theft of the securities.~~

6 ~~(c) In addition, the boards of trustees of the respective retirement~~
 7 ~~systems, if deemed necessary to facilitate particular investment transactions,~~
 8 ~~the settlement of security transactions, redemption of particular securities,~~
 9 ~~or collection of investment income, may select and designate such banks, trust~~
 10 ~~companies, or central depositories as may be appropriate to act as legal~~
 11 ~~custodian of their securities.~~

12
 13 ~~24-3-409. Investment authority and limitations—Trust account.~~

14 ~~(a) In addition to the various retirement systems funds established as~~
 15 ~~trust funds in the State Treasury, a bank trust fund or funds may be~~
 16 ~~established and maintained in such depository bank or banks as may be~~
 17 ~~designated by the boards of trustees of the respective retirement systems.~~

18 ~~(b) Each bank fund shall consist of and there may be deposited in the~~
 19 ~~fund:~~

20 ~~(1) Any and all employer contributions, including any interest;~~
 21 ~~(2) Any and all employee contributions, including any interest;~~
 22 ~~(3) Interest, dividend, and other incomes realized from~~
 23 ~~investments and reinvestments;~~

24 ~~(4) Interest earned upon any moneys in the fund; and~~
 25 ~~(5) Such other proceeds as may be derived from the sale,~~
 26 ~~exchange, redemption, transfer, or disposition of any securities or~~
 27 ~~investments.~~

28 ~~(c) The following disbursements may be made from the bank funds:~~

29 ~~(1) Payments for any and all securities and investments, the~~
 30 ~~purchase of which is authorized by law, which may include principal, accrued~~
 31 ~~interest, commission, taxes, and fees;~~

32 ~~(2) Payments for money manager and custodian bank fees;~~

33 ~~(3) The deposit to the appropriate State Treasury fund for the~~
 34 ~~payment of annuities and refunds as authorized by law that are paid on~~
 35 ~~vouchers issued by the respective retirement systems and on warrants issued~~
 36 ~~thereon by the Auditor of State;~~

1 ~~(4) The payment of annuities and refunds as authorized by law~~
2 ~~that are paid on cash fund vouchers issued by the respective retirement~~
3 ~~systems and on checks or wire transfers issued from bank funds; and~~

4 ~~(5) The deposit to the appropriate State Treasury fund for the~~
5 ~~payments of salaries, maintenance, and operating expenses of the retirement~~
6 ~~systems supported from investment earnings.~~

7
8 ~~24-3-414. Investment authority and limitations—Arkansas-related~~
9 ~~investments.~~

10 ~~(a) In acquiring, investing, reinvesting, exchanging, retaining,~~
11 ~~selling, and managing funds held by each of the trusts, fiduciaries~~
12 ~~administering the systems shall manage the funds so as to favorably impact the~~
13 ~~economic condition of and maximize capital investment in the State of Arkansas~~
14 ~~when appropriate investment alternatives are available.~~

15 ~~(b) It is the intention of the General Assembly that, as assets become~~
16 ~~available for investment, the systems shall seek to invest not less than five~~
17 ~~percent (5%) nor more than ten percent (10%) of their portfolio in Arkansas-~~
18 ~~related investments.~~

19 ~~(c) In calculating the percentage of Arkansas-related investments, the~~
20 ~~systems shall not include Federal National Mortgage Association investments~~
21 ~~nor Government National Mortgage Association investments.~~

22 ~~(d) Nothing in this section shall in any way limit or impair the~~
23 ~~responsibility of a fiduciary to invest in accordance with the prudent~~
24 ~~investor rule set forth in §§ 24-3-417—24-3-426.~~

25
26 ~~24-3-415. Registration of securities in name of nominee—Powers and~~
27 ~~duties of nominee.~~

28 ~~(a) The boards of trustees of the various state retirement systems are~~
29 ~~authorized to register stocks, bonds, notes, and other securities held by and~~
30 ~~for the systems in the name of a designated nominee.~~

31 ~~(b) Such action as is necessary to establish a nominee and a nominee~~
32 ~~agreement may be taken.~~

33 ~~(c) The nominee agreement shall specify that the nominee shall not have~~
34 ~~or claim any beneficial interest whatsoever in any stocks, bonds, notes, and~~
35 ~~other securities held in the name of the nominee; that is, all beneficial~~
36 ~~interest in the stocks, bonds, notes, and other securities and in the~~

1 interest, dividends, and capital gains derived therefrom shall be vested in
2 the respective state retirement systems.

3 (d) The nominee shall have no power to undertake any obligation on
4 behalf of the nominee, except upon the direction of the particular state
5 retirement system.

6 (e) The nominee may endorse securities and take other necessary actions
7 in the purchase, registration, and sale of stocks, bonds, notes, and other
8 securities, subject always to the provisions of this section.

9
10 24-3-417. Prudent investor rule.

11 (a) Except as otherwise provided in subsection (b) of this section,
12 trustees who invest and manage trust assets owe a duty to the beneficiaries of
13 the trust to comply with the prudent investor rule set forth in this
14 subchapter.

15 (b) The prudent investor rule, a default rule, may be expanded,
16 restricted, eliminated, or otherwise altered by the provisions of a trust.
17 Trustees are not liable to a beneficiary to the extent that the trustees acted
18 in reasonable reliance on the provisions of the trust.

19
20 24-3-418. Standard of care—Portfolio strategy—Risk and return
21 objectives.

22 (a) Trustees shall invest and manage trust assets as a prudent investor
23 would, by considering the purposes, terms, distribution requirements, and
24 other circumstances of the trust. In satisfying this standard, the trustees
25 shall exercise reasonable care, skill, and caution.

26 (b) The trustees' investment and management decisions respecting
27 individual assets must be evaluated not in isolation but in the context of the
28 trust portfolio as a whole and as a part of an overall investment strategy
29 having risk and return objectives reasonably suited to the trust.

30 (c) Among circumstances that trustees shall consider in investing and
31 managing trust assets are such of the following as are relevant to the trust
32 or its beneficiaries:

33 (1) General economic conditions;

34 (2) The possible effect of inflation or deflation;

35 (3) The expected tax consequences of investment decisions or
36 strategies;

1 ~~(4) The role that each investment or course of action plays~~
2 ~~within the overall trust portfolio, which may include financial assets,~~
3 ~~interests in closely held enterprises, tangible and intangible personal~~
4 ~~property, and real property;~~

5 ~~(5) The expected total return from income and the appreciation of~~
6 ~~capital;~~

7 ~~(6) Other resources of the beneficiaries;~~

8 ~~(7) Needs for liquidity, regularity of income, and preservation~~
9 ~~or appreciation of capital; and~~

10 ~~(8) An asset's special relationship or special value, if any, to~~
11 ~~the purposes of the trust or to one (1) or more of the beneficiaries.~~

12 ~~(d) Trustees shall make a reasonable effort to verify facts relevant to~~
13 ~~the investment and management of trust assets.~~

14 ~~(e) Trustees may invest in any kind of property or type of investment~~
15 ~~consistent with the standards of this subchapter.~~

16 ~~(f) Trustees who have special skills or expertise, or are named~~
17 ~~trustees in reliance upon the trustees' representation that the trustees have~~
18 ~~special skills or expertise, have a duty to use their special skills or~~
19 ~~expertise.~~

20
21 ~~24-3-419. Diversification.~~

22 ~~Trustees shall diversify the investments of the trust unless the~~
23 ~~trustees reasonably determine that, because of special circumstances, the~~
24 ~~purposes of the trust are better served without diversifying.~~

25
26 ~~24-3-420. Duties at inception of trusteeship.~~

27 ~~(a) Within a reasonable time after accepting a trusteeship or receiving~~
28 ~~trust assets, trustees shall review the trust assets and make and implement~~
29 ~~decisions concerning the retention and disposition of assets, in order to~~
30 ~~bring the trust portfolio into compliance with the purposes, terms,~~
31 ~~distribution requirements, and other circumstances of the trust, and with the~~
32 ~~requirements of this subchapter.~~

33 ~~(b) Trustees shall develop an investment policy. This policy shall be a~~
34 ~~written statement of goals for the fund and rules to be followed to achieve~~
35 ~~those goals. Trustees shall measure performance of the fund and shall measure~~
36 ~~each manager's performance against benchmarks jointly agreed upon by the~~

1 ~~trustees and managers.~~

2

3 ~~24-3-421.—Loyalty.~~

4 ~~Trustees shall invest and manage the trust assets solely in the interest~~
5 ~~of the beneficiaries.~~

6

7 ~~24-3-422.—Impartiality.~~

8 ~~If a trust has two (2) or more beneficiaries, the trustees shall act~~
9 ~~impartially in investing and managing the trust assets, taking into account~~
10 ~~any differing interests of the beneficiaries.~~

11

12 ~~24-3-423.—Investment costs—Limitations on investment authority.~~

13 ~~(a) In investing and managing trust assets, trustees may only incur~~
14 ~~costs that are appropriate and reasonable in relation to the assets, the~~
15 ~~purposes of the trust, and the skills of the trustee.~~

16 ~~(b) Trustees may delegate investment functions to an agent that a~~
17 ~~prudent trustee of comparable skills could properly delegate as provided in §~~
18 ~~24-3-425.~~

19

20 ~~24-3-424.—Reviewing compliance.~~

21 ~~Compliance with the prudent investor rule is determined in light of the~~
22 ~~facts and circumstances existing at the time of the trustees' decisions or~~
23 ~~actions and are not by hindsight.~~

24

25 ~~24-3-425.—Delegation of investment and management functions.~~

26 ~~(a) Trustees may delegate investment and management functions that a~~
27 ~~prudent trustee of comparable skills could properly delegate under the~~
28 ~~circumstances. The trustees shall exercise reasonable care, skill, and caution~~
29 ~~in:~~

30 ~~(1) Selecting an agent;~~

31 ~~(2) Establishing the scope and terms of the delegation,~~
32 ~~consistent with the purposes and terms of the trust; and~~

33 ~~(3) Periodically reviewing the agent's actions in order to~~
34 ~~monitor the agent's performance and compliance with the terms of the~~
35 ~~delegation.~~

36 ~~(b) In performing a delegated function, an agent owes a duty to the~~

1 ~~trust to exercise reasonable care to comply with the terms of the delegation.~~

2 ~~(c) Trustees who complied with the requirements of subsection (a) of~~
3 ~~this section are not liable to the beneficiaries or to the trust for the~~
4 ~~decisions or actions of the agent to whom the function was delegated.~~

5 ~~(d) By accepting the delegation of a trust function from the trustees~~
6 ~~of a trust that is subject to the law of this state, an agent submits to the~~
7 ~~jurisdiction of the courts of this state.~~

8 ~~(e) Single agent or exclusive agency delegations by the trustees shall~~
9 ~~be discouraged. Trustees shall delegate investment and management functions~~
10 ~~to a single agent or an exclusive agency arrangement only after the trustee~~
11 ~~has determined the exclusive agency arrangement is in the best interest of the~~
12 ~~trust, has exercised extraordinary care and caution in selecting the exclusive~~
13 ~~agent, and has arranged to periodically review in detail the agent's actions~~
14 ~~to monitor their performance and compliance with the terms of the delegation.~~

15
16 ~~24-3-426. Language invoking standard of subchapter.~~

17 ~~The following terms or comparable language in the provisions of a trust,~~
18 ~~unless otherwise limited or modified, authorizes any investment or strategy~~
19 ~~permitted under this subchapter:~~

20 ~~(1) "Investments permissible by law for investment of trust~~
21 ~~funds";~~

22 ~~(2) "Legal investments";~~

23 ~~(3) "Authorized investments";~~

24 ~~(4) "Using the judgment and care under the circumstances then~~
25 ~~prevailing that persons of prudence, discretion, and intelligence exercise in~~
26 ~~the management of their own affairs, not in regard to speculation but in~~
27 ~~regard to the permanent disposition of their funds, considering the probable~~
28 ~~income as well as the probable safety of their capital";~~

29 ~~(5) "Prudent man rule";~~

30 ~~(6) "Prudent trustee rule";~~

31 ~~(7) "Prudent person rule"; and~~

32 ~~(8) "Prudent investor rule".~~

33
34 SECTION 10. Arkansas Code 24-4-101 is amended to read as follows:

35 24-4-101. Definitions.

36 As used in this act, unless the context otherwise requires:

1 (1) "Accumulated contributions" means the sum of all amounts
 2 deducted from the compensations of a member and credited to his individual
 3 account in the member's deposit account, together with regular interest as may
 4 have been credited thereon;

5 (2) "Actual service" means service credited at the rate of one
 6 month for each month of service;

7 (3) "Actuarial equivalent" means a benefit of equal reserve value
 8 where "reserve" means the present value of all payments to be made on account
 9 of any benefit based upon such reasonable rates of interest and tables of
 10 experience as a plan shall adopt from time to time;

11 (4) "Actuary" means a qualified actuary with experience in
 12 retirement plan financing. Membership in the American Academy of Actuaries
 13 shall be sufficient for a person to be deemed a qualified actuary;

14 (5) "Age" means age on last birthday;

15 ~~(2)(6)~~(A) "Annuity" means ~~an annual~~ a monthly amount payable from
 16 funds of the system throughout the life of a person;

17 (B) All annuities shall be paid in equal monthly
 18 installments;

19 ~~(3)(7)~~ "Annuity reserve" means the present value of an annuity
 20 computed upon the basis of such mortality and other tables of experience, and
 21 regular interest, as the board shall adopt;

22 ~~(4)(A)(i)(a)~~ "Average compensation" means ~~the average of the~~
 23 ~~highest annual compensations paid a member during any period of not less than~~
 24 ~~three (3) years nor more than four (4) years of credited service with a public~~
 25 ~~employer with the exact time period to be determined in accordance with the~~
 26 ~~rules and regulations of the Board of Trustees of the Arkansas Public~~
 27 ~~Employees' Retirement System as is actuarially appropriate for the system.~~

28 ~~(b)~~ Prior to reducing the time period used in
 29 determining average compensation, the board of trustees shall file relevant
 30 information concerning the actuarial appropriateness of the action with the
 31 Joint Interim Committee on Public Retirement and Social Security Programs, and
 32 the action shall be reviewed by the committee.

33 ~~(ii)~~ Should the member have less than the minimum
 34 three (3) years of credited service, "average compensation" means the annual
 35 average compensations to him during his total years of credited service.

36 ~~(B)~~ Any other provision to the contrary notwithstanding.

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

5 ~~(ii) If a member's rate of pay is set by Arkansas~~
6 ~~Constitution, Amendment 70, § 1, then the member's "average compensation"~~
7 ~~shall not be less than the member's highest rate of such pay; or~~

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

13 ~~(5)(8) "Beneficiary" means any person, except a retirant, who is~~
14 ~~in receipt of an annuity or other benefit payable from funds of the system~~
15 ~~receiving, or is designated by a member to receive, a plan benefit;~~

16 ~~(9) "Benefit program" means a schedule of benefits or benefit~~
17 ~~formulas from which the amounts of benefits can be determined;~~

18 ~~(6)(10) "Board" means the Board of Trustees of the Arkansas~~
19 ~~Public Employees' Retirement System, as created in this act;~~

20 ~~(7)(11)(A) "Compensation" means the salary or wages recurring~~
21 ~~remuneration paid a member by public employers for personal services rendered~~
22 ~~by him to public employers. a member in a position covered by an employer~~
23 ~~participating in the Arkansas Public Employees' Retirement System;~~

24 (B) In case a member's compensation includes either or both
25 lodging and meals, exclusive of travel expense, the cash value of the lodging
26 and meals shall be fixed by the board, not to exceed the amount the employee
27 is required to report for federal income tax purposes;

28 ~~(12) "Contributory member" is a person who was a member of the~~
29 ~~system prior to January 1, 1978, and who continues to contribute six percent~~
30 ~~(6%) of his compensation to the system;~~

31 ~~(8)(13) "County" means any county in the state and includes all~~
32 ~~agencies, offices, departments, boards, commissions, and county-supported~~
33 ~~institutions that are duly constituted agencies of the county;~~

34 ~~(9)(14)(A) "County employees" means all employees whose~~
35 ~~compensations are payable, either directly or indirectly, by county~~
36 ~~participating public employers and includes employees of the Association of~~

1 Arkansas Counties and official court reporters and stenographers of the
2 circuit courts and chancery courts.

3 (B) In any case of doubt as to who is a county employee
4 within the meaning of this act, the board shall have the final power to decide
5 the question;

6 ~~(10)~~(15) "Credited service" means the sum of the prior service
7 and current service to the extent credited a member by the board, in
8 accordance with the provisions of ~~this act~~ § 24-4-521;

9 ~~(11)~~(16)(A) "Current service" means service rendered to a public
10 employer by a member from and after the date he became a member.

11 (B) In the case of a non-state employee, service rendered
12 by him to a public employer in the period from June 30, 1957, to the date his
13 employer became a participating public employer, which period is called
14 interim current service, shall be included as current service, but only if he
15 satisfies the conditions set forth in Acts 1965, No. 153, § 10 [repealed];

16 ~~(12)~~(17)(A)(i)(a) "Employees" means all officers and employees of
17 any office, agency, board, commission, including the Department of Higher
18 Education, or department of a public employer whose compensations were or are
19 payable from funds appropriated by the public employer and all otherwise
20 eligible employees whose compensations were or are payable in whole or part
21 from federal funds, as well as the official court reporters and stenographers
22 of the circuit and chancery courts of the state and all of the prosecuting
23 attorneys of the judicial districts of Arkansas.

24 (b) In addition, effective July 1, 1983, the
25 term "employees" shall include those persons who are eligible for benefits
26 from the Teachers Insurance and Annuity Association but who are otherwise
27 eligible for participation in the system due to employment with a public
28 employer.

29 (ii) Any person who has heretofore been denied
30 coverage under the system due to the fact that the person was or is paid from
31 a grant instead of funds appropriated by the public employer shall from July
32 1, 1991, become a member of the system if in an otherwise eligible position
33 due to his being an employee of a public employer, and a member may at his
34 option receive credit for service rendered before that date as an employee
35 paid from a grant, subject to the following conditions:

36 (a) The member is a participating employee

1 covered under the system at the time of the purchase;

2 (b) The member furnishes proof, in a form
3 required by the system, of the service and compensation received;

4 (c) The member pays or causes to be paid all
5 employee contributions at the rate and on the compensation that would have
6 been paid had he been a member during that time, all employer contributions
7 based on the employer normal cost from the most recently completed regular
8 annual actuarial valuation and the compensation that would have been paid had
9 he been a member during that time, and regular interest on the employee and
10 employer contributions. The interest shall be computed from the date the
11 service was rendered to the date the payment is received by the system. The
12 member may purchase all of the service or any portion thereof in multiples of
13 one (1) year;

14 (d) The payment of funds shall be made in one
15 (1) lump sum; and

16 (e) Any person who, prior to the effectiveness
17 of this provision, has been removed from membership in the Arkansas Public
18 Employees' Retirement System because of eligibility for membership in a local
19 firemen's pension fund as a volunteer fire fighter may restore the refunded
20 service and establish subsequent service by paying or causing to be paid to
21 the Arkansas Public Employees' Retirement System the refunded contributions
22 and the legally required contributions for subsequent service.

23 (B) Excepting members of the General Assembly and those
24 persons participating in a local firemen's pension fund because of their
25 status as volunteer fire fighters, the term "employees" shall not include
26 persons who are members of any other retirement system, excepting federal
27 Social Security, which retirement system is supported by state funds or is
28 authorized by the laws of the state. In addition, the term "employees"
29 specifically shall not include the following:

30 (i) Persons in the employ of the Department of
31 Arkansas State Police who are members of the State Police Retirement System;

32 (ii) Persons in the employ of the Department of
33 Education or the Arkansas Teacher Retirement System, except as otherwise
34 provided by law;

35 (iii) Persons in the employ of the University of
36 Arkansas or any other state-supported institution of higher learning, except

1 as otherwise provided by law;

2 (iv) Justices of the Supreme Court, judges of circuit
3 courts, or judges of chancery courts;

4 (v) Persons in the employ of the General Assembly who
5 are employed on a less than full-time regular annual salary basis, except that
6 any person who has served or who shall serve during at least six (6)
7 legislative sessions as Chief Clerk of the House of Representatives, and who
8 has served in the employ of the General Assembly during at least twelve (12)
9 previous legislative sessions, shall be eligible to receive credited service
10 in the Arkansas Public Employees' Retirement System for any period of
11 employment with the General Assembly since July 1, 1957, but only if the
12 employee is, or was, an active member of the system with at least ten (10)
13 years of credited service and only if the employee pays, or causes to be paid,
14 all employee contributions at the rate and on the compensation that would have
15 been paid had he been a member of the system during those periods of time, all
16 employer contributions based on the employer normal cost from the most
17 recently completed regular annual actuarial valuation and the compensation
18 that would have been paid had he been a member during those periods of time,
19 and regular interest on the employee and employer contributions computed from
20 the date of service to the date the payment is received by the system;

21 (vi) Persons who are in the employ of the Arkansas
22 State Highway and Transportation Department;

23 (vii) Persons employed with the intent of working
24 fewer than ninety (90) calendar days;

25 (viii) Persons who are employed for a period of more
26 than ninety (90) consecutive calendar days, but who do not qualify as full-
27 time employees shall be excluded from membership. A person shall be
28 considered a full time employee if that person works at least eighty (80)
29 hours per month during a period of ninety (90) consecutive calendar days;

30 (ix) Persons whose rate of pay does not constitute
31 employment that is substantially gainful shall be excluded from membership. A
32 rate of pay less than the federal minimum wage for the year shall not be
33 considered employment that is substantially gainful;

34 ~~(viii)-(x)~~ (x) Persons who are first employed or those who
35 are reemployed as participants on or after July 1, 1979, under the
36 Comprehensive Employment and Training Act. However, those persons

1 participating in the program prior to July 1, 1979, shall continue to be
2 members of the system while employed by a participating public employer;

3 ~~(ix)~~(xi) Any person heretofore denied coverage by the
4 system because that person was eligible for membership in, but did not
5 participate in, another retirement system supported by state funds or that is
6 authorized by the laws of the state, shall, from the date of July 1, 1999,
7 become a member of the system if in an otherwise eligible position due to
8 employment with a participating employer. Any person heretofore denied
9 coverage by the system because that person was eligible for, or receiving
10 benefits from, another retirement system supported by state funds or that is
11 authorized by the laws of the state shall, from the date of July 1, 1999,
12 become a member of the system if in an otherwise eligible position due to
13 employment with a participating employer. Such person may receive, at the
14 employee's option, credit for service rendered to a participating public
15 employer before that date, subject to the following conditions:

16 (a) The member is a participating employee
17 covered under the system at the time of the purchase;

18 (b) The member furnishes proof, in a form
19 required by the system, of the service and compensation received;

20 (c) The member pays, or causes to be paid, all
21 employee contributions at the rate and on the compensation that would have
22 been paid had he been a member during that time, all employer contributions
23 based on the employer normal cost from the most recently completed regular
24 annual actuarial valuation and the compensation that would have been paid had
25 he been a member during that time, and regular interest on the employee and
26 employer contributions. The interest shall be computed from the date the
27 service was rendered to the date the payment is received by the system. The
28 member may purchase all of the service or any portion thereof in multiples of
29 one (1) year; and

30 (d) The payment of funds shall be made in one
31 (1) lump sum; and

32 ~~(x)~~(xii) The surviving spouse of any person deemed
33 erroneously enrolled due to receipt of a benefit from another retirement
34 system supported by state funds or that is authorized by the laws of the
35 state, but whose service had not been refunded at or before the date of death,
36 shall be eligible to receive a benefit under the provisions of ~~§ 24-3-209~~ §

1 24-4-608 provided that the person was an employee of the participating
2 employer on the date of death. The monthly annuity shall be payable on the
3 first day of the month following the month of application and shall be
4 retroactive to the date the benefit would have been otherwise payable as
5 provided for in ~~§ 24-3-209~~ § 24-4-608.

6 (C) In any case of doubt as to who is an employee within
7 the meaning of this act, the board shall have the final power to decide the
8 question;

9 (18)(A)(i) "Final average compensation" means the average of the
10 highest annual compensations paid a member during any period of three (3)
11 years of credited service with a public employer.

12 (ii) The three-year average shall be the greatest of
13 the following:

14 (a) One-third (1/3) of the following: The
15 total of the highest compensations paid during the two (2) completed fiscal
16 years when added to the total third highest compensation paid during the
17 completed fiscal year; or

18 (b) One-third (1/3) of the following: The
19 total of the highest compensations paid during the two (2) completed fiscal
20 years added to the total of the compensation paid for the months of credited
21 service within the incomplete fiscal year in which the member retires,
22 provided there are some, and the total third highest compensation paid during
23 the completed fiscal year which has been multiplied by the number of months
24 remaining in the fiscal year in which retirement occurs and divided by twelve
25 (12);

26 (iii) Should the member have less than the minimum
27 three (3) years of credited service, "average compensation" means the annual
28 average compensations to him during his total years of actual service.

29 (B) Any other provision to the contrary notwithstanding:

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

34 (ii) If a member's rate of pay is set by Arkansas
35 Constitution, Amendment 70, § 1, then the member's "average compensation"
36 shall not be less than the member's highest rate of such pay; or

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

6 (19) "General Assembly" means the General Assembly of the state;

7 ~~(13)~~(20) "Intergovernmental Juvenile Detention Council" means the
 8 Intergovernmental Juvenile Detention Council of the 10th Judicial District
 9 created by uncodified Act 899 of 1995, which has chosen by a majority vote of
 10 the Council to participate in the Arkansas Public Employees' Retirement
 11 System;

12 ~~(14)~~(21) "Joint county and municipal sanitation authority" means
 13 any sanitation authority created under the Joint County and Municipal Solid
 14 Waste Disposal Act, § 14-233-101 et seq., which has chosen by a majority vote
 15 of its full-time employees to participate in the Arkansas Public Employees'
 16 Retirement System;

17 (22) "Local Units of Government" means those entities
 18 participating in the Arkansas Public Employees' Retirement System under the
 19 provisions of § 24-4-746;

20 ~~(15)~~(23) "Member" means any person who is included in the
 21 membership of the system;

22 ~~(16)~~(24)(A) "Municipal employees" means all employees whose
 23 compensations are payable, either directly or indirectly, by participating
 24 municipal public employers, and includes employees of the Arkansas Municipal
 25 League, employees of the water and sewer system of any city divided by a state
 26 line, and employees of the Arkansas Local Police and Fire Retirement System.

27 (B) The term "municipal employees" shall not include
 28 members of a municipal firemen's or policemen's pension fund while the member
 29 is accruing credited service in that system, excepting those members of a
 30 municipal firemen's pension fund who are members solely because of their
 31 status as volunteer fire fighters.

32 (C) In any case of doubt as to who is a municipal employee
 33 within the meaning of this act, the board shall have the final power to decide
 34 the question;

35 ~~(17)~~(25) "Municipality" means any incorporated city or town in
 36 the state and includes all agencies, offices, departments, and commissions of

1 the city or town;

2 (26) "Noncontributory member" is a person who does not contribute
3 a portion of his compensation to the system;

4 ~~(18)~~(27) "Nonstate employees" means county employees, municipal
5 employees, rural waterworks facilities board employees, regional airport
6 authority employees, public facilities board employees, regional solid waste
7 management board employees, joint county and municipal sanitation authority
8 employees, regional water distribution board employees, school employees, and
9 the employees of the Intergovernmental Juvenile Detention Council;

10 (28) "Normal retirement age" means, for a member, the youngest of
11 the following ages:

12 (A) Age sixty (60) and with twenty (20) or more years of
13 actual service for a contributory member; or

14 (B) Age sixty-five (65) years with five (5) or more years
15 of actual service, except for members of the General Assembly who must have
16 ten (10) or more years of actual service if they only have service as a member
17 of the General Assembly;

18 (C) If the provisions of § 24-4-521 are used to determine
19 any portion of total credited service, then the age upon completion of thirty-
20 five (35) years of credited service, but in no event to an age younger than
21 fifty-five (55) years;

22 (D) For a noncontributory member with credited service for
23 employment as a public safety employee or as a sheriff, age sixty-five (65)
24 years reduced by one (1) month for each two (2) months of such credited
25 service, but in no event to an age younger than fifty-five (55) years, except
26 in the case of sheriffs who have a minimum of ten (10) years of actual service
27 as a sheriff or who have eight (8) years of actual service as a sheriff and a
28 minimum of two (2) years of service in another state-supported retirement
29 system, for whom the minimum retirement age shall be fifty-two (52) years;

30 (E) The age upon completion of twenty-eight (28) years of
31 credited service, if the provisions of § 24-4-521 are not used to determine
32 any portion of such credited service;

33 (F) For members of the General Assembly with twelve (12)
34 years of actual service, ten (10) of which must be as a member of the General
35 Assembly, at age fifty-five (55). Members of the General Assembly who were
36 either serving in the General Assembly on July 1, 1979, or held an elected

1 office on July 1, 1979, shall be eligible to retire with seventeen and one
2 half (17 1/2) years of actual service regardless of age;

3 (G) An elected state constitutional officer shall be
4 eligible to retire with twenty-eight (28) years of credited service at age
5 fifty-five (55);

6 (H) Notwithstanding subdivision (9)(C) of this section, in
7 the case of a deputy sheriff who has a minimum of twenty-five (25) years of
8 actual service as a deputy sheriff, the minimum retirement age shall be fifty-
9 two (52) years;

10 ~~(19)~~(29) "Participating public employer" means:

11 (A) Any county, municipality, rural waterworks facilities
12 board, regional airport authority, public facilities board, regional solid
13 waste management board, joint county and municipal sanitation authority, or
14 regional water distribution board in the state whose employees are included in
15 the membership of the system;

16 (B) The employees of the Intergovernmental Juvenile
17 Detention Council of the Tenth Judicial District who are included in the
18 membership of the system; or

19 (C) A public rehabilitative services corporation or local
20 unit of government as provided for in § 24-4-746;

21 ~~(20)~~(30) "Prior service", in the case of a state or municipal
22 employee, means personal service rendered by him to a public employer prior to
23 July 1, 1957; the term "prior service", in the case of a county employee,
24 means personal service rendered by him to a public employer prior to July 1,
25 1959;

26 ~~(21)~~(31) "Public employer" means the State of Arkansas or any
27 participating public employer;

28 ~~(22)~~(32) "Public facilities board" means any public facilities
29 board created under the Public Facilities Boards Act, § 14-137-101 et seq.,
30 which has chosen by a majority vote of the full-time employees to participate
31 in the Arkansas Public Employees' Retirement System;

32 (33) "Public Rehabilitation Services Corporations" means those
33 entities participating in the Arkansas Public Employees' Retirement System
34 under the provisions of § 24-4-746;

35 (34)(A) "Public safety credit" means a noncontributory member
36 whose covered employment is for personal services as a police officer or fire

1 fighter and his or her employment commenced prior to July 1, 1997.

2 (B)(i) "Police officer" means any regular employee whose
3 primary duty is law enforcement of a municipal police department, a county
4 sheriff's office, including probationary police officers, and shall also
5 include wildlife officers of the Arkansas State Game and Fish Commission and
6 all officers and the Director of the State Capitol Police within the office of
7 the Secretary of State.

8 (ii) The term "police officer" shall not include any
9 civilian employee of a police department or any person temporarily employed as
10 a police officer during an emergency.

11 (C) "Fire fighter" means any regular employee of a fire
12 department whose primary duty is fire fighting, including probationary fire
13 fighters, but the term "fire fighter" shall not include any civilian employee
14 of a fire department or any person temporarily employed as a fire fighter
15 during an emergency.

16 (D) The term "public safety member" shall not include a
17 member whose employment as a police officer or fire fighter commenced on or
18 after July 1, 1997.

19 (E) A public safety member who receives or has received
20 credited service at one and one-half (1 1/2) times the regular rate for
21 crediting service may change employers and continue to receive credited
22 service at one and one-half (1 1/2) times the regular rate for crediting
23 service, provided:

24 (i) The person is employed as a public safety officer
25 within six months of termination from employment as a public safety member;
26 and

27 (ii) The employer provides public safety officers
28 credited service at one and one-half (1 1/2) times the regular rate for
29 crediting service;

30 ~~(23)~~(35) "Regional airport authority" means any regional airport
31 authority created under the Regional Airport Act, § 14-362-101 et seq., which
32 was formed after January 1, 1990, and which has chosen to participate in the
33 Arkansas Public Employees' Retirement System;

34 ~~(24)~~(36) "Regional solid waste management board" means any
35 regional solid waste management board defined under § 8-6-701 et seq. which
36 has chosen by a majority vote of the full-time employees to participate in the

1 Arkansas Public Employees' Retirement System;

2 ~~(25)~~(37) "Regional water distribution board" means any regional
3 water distribution board created under the Regional Water Distribution
4 District Act, § 14-116-101 et seq., which has chosen by a majority vote of the
5 full-time employees to participate in the Arkansas Public Employees'
6 Retirement System;

7 ~~(26)~~(38) "Regular interest" means such rates of interest per
8 annum, compounded annually, as the board shall prescribe from time to time;
9 however, for circumstances entered into July 1, 1985, or later, where payments
10 are payable to the system by a member together with regular interest thereon,
11 the rate of interest shall be the same for all circumstances and shall be six
12 percent (6%) per annum unless changed by the board;

13 ~~(27)~~(39) "Retirant" means ~~any member who retires with an annuity~~
14 ~~payable from funds of the system~~ a person receiving a plan annuity by reason
15 of having been a member of the system;

16 ~~(28)~~(40) "Retirement" means a member's withdrawal from the
17 service of a public employer, with an annuity payable from funds of the
18 system;

19 ~~(29)~~(41) "Rural waterworks facilities board" means a rural
20 waterworks facilities board created under § 14-238-101 et seq.;

21 (42) "Social Security" means the federal Social Security old age,
22 survivors', and disability insurance program;

23 ~~(30)~~(43) "State" means the State of Arkansas and includes all
24 agencies, offices, departments, boards, commissions, and state-supported
25 institutions that are duly constituted agencies of the state;

26 ~~(31)~~(44)(A) "State employees" means all otherwise eligible
27 employees whose compensations were, or are, payable from funds appropriated by
28 the state and includes all employees whose compensations were, or are, payable
29 in whole or in part from federal funds.

30 (B) In any case of doubt as to who is a state employee
31 within the meaning of this act, the board shall have the final power to decide
32 the question; and

33 ~~(32)~~(45) "System" means the Arkansas Public Employees' Retirement
34 System.

35

36 *SECTION 11. Arkansas Code 24-4-201 is amended to read as follows:*

1 24-4-201. Arkansas Public Employees' Retirement System Fund - Creation
2 - ~~Division~~ System accounts.

3 (a)(1) There is established on the books of the Treasurer of State, the
4 Auditor of State, and the Director of the Department of Finance and
5 Administration a fund to be known as the Arkansas Public Employees' Retirement
6 System Fund.

7 (2) This fund shall consist of trust funds as provided by law and
8 shall be used for the payment of personal services, operating expenses,
9 investments, benefits, refunds, and for such other purposes as may be
10 authorized by law.

11 (b)(1) ~~The Arkansas Public Employees' Retirement System shall consist~~
12 ~~of two (2) divisions, namely, the State Division, for the participation of~~
13 ~~county employees, municipal employees, school employees, and certain other~~
14 ~~nonstate employees as defined in § 24-4-101. In addition, the The Board of~~
15 ~~Trustees of the Arkansas Public Employees' Retirement System shall have the~~
16 ~~authority to establish ~~either~~ a division or divisions for the various~~
17 ~~participating employers as necessary to administer the System.~~

18 ~~(2) Separate accounting of the fund's transactions shall be~~
19 ~~maintained for each division, showing the equities of each division in the~~
20 ~~assets of the system.~~

21 ~~(3)~~(2) The retirement system accounts shall be the members'
22 deposit account, the employers' accumulation account, the retirement reserve
23 account, the income account, and such other accounts as the board shall
24 establish from time to time.

25
26 SECTION 12. Arkansas Code 24-4-202 is amended to read as follows:

27 24-4-202. Arkansas Public Employees' Retirement System Fund -
28 Contributions.

29 (a)(1) The state employer contributions provided for in ~~§ 24-3-103~~ §
30 24-2-701 shall be paid by state warrant, bank check, or electronic transfer by
31 the state agency which employs each member.

32 (2) The employer's contribution shall be paid to the Arkansas
33 Public Employees' Retirement System Fund at the time and with the frequency
34 established by the Board of Trustees of the Arkansas Public Employees'
35 Retirement System and shall be paid concurrently with the contributions made
36 by its employees to the fund.

1 (b)(1) In the case of employees receiving part or all of their
2 compensation from federal funds, the disbursing officer of the agency
3 receiving the federal funds shall transmit such sums to the Arkansas Public
4 Employees' Retirement System Fund from federal funds of the agency.

5 (2) These sums shall be those sums of money which are necessary
6 to provide the employer contributions provided for in ~~§ 24-3-103~~ § 24-2-701,
7 based on the portions of the employees' compensation payable from federal
8 funds.

9 (c)(1) In the case of ~~nonstate employees~~ the Local Government Division,
10 each participating public employer shall pay into the Arkansas Public
11 Employees' Retirement System Fund such sums of money as are necessary to
12 provide the participating public employer's contributions provided for in §
13 ~~24-3-103~~ § 24-2-701.

14 (2) The participating public employer's contributions shall be
15 paid at the time and with the frequency established by the board and shall be
16 paid concurrently with the contributions made by its employees to the fund.

17 (3) The employer's contributions shall be transmitted to the
18 Arkansas Public Employees' Retirement System Fund in such form and manner,
19 together with such supporting data, as the board shall prescribe from time to
20 time.

21 (d) In the case of circuit and chancery court reporters, the public
22 employer contributions shall be paid, when directed by the board, by the
23 respective counties in the proportion that each county pays the total salaries
24 of the circuit and chancery court reporters.

25 ~~(e)(1) In the case of regional airport authority employees, public
26 facilities board employees, rural waterworks facilities board employees,
27 regional solid waste management board employees, joint county and municipal
28 sanitation authority employees, and regional water distribution board
29 employees, Intergovernmental Juvenile Detention Council employees, each
30 participating employer shall pay into the Arkansas Public Employees'
31 Retirement System Fund such sums of money as are necessary to provide the
32 employer's contribution, as directed by the board.~~

33 ~~(2) The contribution shall be transmitted to the Arkansas Public
34 Employees' Retirement System, together with such supporting data as the board
35 shall prescribe from time to time.~~

36 ~~(f)~~(e)(1) If any participating public employer fails to remit to the

1 system those moneys which are required by law or regulation by the date and at
2 the frequency established by the board, the system shall impose a penalty
3 equal to the actuarially assumed rate of return on investments of the fund in
4 the form of interest on an annual basis on the moneys due.

5 (2) This interest shall be computed on the actual days of
6 delinquency and shall be paid to the system for the purpose of reimbursing the
7 trust fund for the money which would have been earned on the moneys had they
8 been paid when due.

9 (3) The interest penalty shall be determined by the system on the
10 date the delinquent funds are received, and a statement of the interest shall
11 be sent to the participating public employer.

12 (4) If the interest penalty or delinquent moneys are not received
13 by the system by the last business day of the month in which the moneys were
14 originally due, then the system shall cause the sums of moneys, including
15 interest, to be transferred from any moneys due the participating public
16 employer from the office of the Treasurer of State or the Department of
17 Education as approved in § 19-5-106(a)(5).

18 ~~(g)~~(f)(1) If any participating public employer fails to file with the
19 system the retirement report by the date established by the board, the system
20 shall impose a penalty of one hundred fifty dollars (\$150) for each time the
21 report is late.

22 (2) A statement of the penalty shall be sent to the participating
23 employer.

24 (3) If the penalty is not received by the last business day of
25 the month in which the report was due, then the system shall cause the amount
26 to be transferred from any moneys due the participating public employer from
27 the office of the Treasurer of State or the Department of Education as
28 provided in § 19-5-106(a)(5).

29
30 SECTION 13. Arkansas Code 24-4-205 is amended to read as follows:
31 24-4-205. State as trustee.

32 The promulgation of this act shall constitute an offer by the state to
33 serve as trustee for the funds collected under the provisions of this ~~act~~
34 chapter, as well as a guarantee that the disbursement thereof shall be in
35 accordance with the provisions of this ~~act~~ chapter and that none of the funds
36 shall be used for any purpose except the purposes provided for in this ~~act~~

1 chapter.

2

3 SECTION 14. Arkansas Code 24-4-207 (c), concerning payments on vouchers
4 and warrants, is amended to read as follows:

5 (c)(1)(A) Should any change or error in the records of the system or
6 any audit of a member's annuity calculations result in any person's receiving
7 more or less than he would have been entitled to receive had the records or
8 the calculations been correct, the board shall correct the error and, as far
9 as is equitable and practicable, shall adjust the payment in accordance with
10 the provisions of this subsection and in such manner that the actuarial
11 equivalent of the benefit to which the person was correctly entitled shall be
12 paid.

13 (B) However, no monthly adjustment of less than one dollar
14 (\$1.00) shall be made.

15 (2)(A) The board shall have the right to recover any overpayment
16 that any person may have received from funds of the system, provided the
17 overpayment is determined and the person is so notified within one (1) year of
18 the date of the first overpayment.

19 (B) If the overpayment is determined at a date later than
20 one (1) year after the date of the first overpayment, the overpayment shall
21 not be recouped by the board unless the overpayment is a result of an error on
22 the part of a member, retiree, or beneficiary.

23 (C) In all instances where an overpayment is determined,
24 any subsequent payments shall be adjusted to the correct amount.

25 (3) If it is determined that any person has received an
26 underpayment from the funds of the system, regardless of the date of the
27 determination, the system shall pay in a lump sum to the person the total of
28 any underpayments made prior to the date of determination, and any subsequent
29 payments shall be adjusted to the correct amount.

30 (4)(A) If the annuity amount is decreased upon the
31 reconsideration, the matters involved in the decrease shall be set forth in
32 writing and shall be subject to review upon the filing of an appeal thereof by
33 the member or annuity recipient.

34 (B) The redetermination shall be deemed to be final and
35 binding on all parties unless, within twenty (20) days after the mailing of
36 notice of the redetermination to the member's last known address, or twenty

1 (20) days after personal delivery of such notice to the member, an appeal
2 thereof is filed with the Executive Director of the Arkansas Public Employees'
3 Retirement System.

4 (C) The director shall promptly hear all appeals of annuity
5 determinations or redeterminations and shall conduct such hearings in
6 accordance with procedures set forth by the board.

7
8 SECTION 15. Arkansas Code 24-4-208 is amended to read as follows:

9 24-4-208. Reduction of annuities where funds inadequate.

10 (a)(1) If, at the end of any fiscal year, the total of the annuities
11 paid during the fiscal year from the State Division of the retirement reserve
12 account is more than twelve percent (12%) of the sum of the balances in the
13 State Division of the employers' accumulation account and the retirement
14 reserve account at the end of the fiscal year, the annuities payable to state
15 retirants and beneficiaries in the ensuing fiscal year shall be reduced pro
16 rata.

17 (2) This reduction shall be made in such a manner that the total
18 of the annuities so reduced shall not exceed twelve percent (12%) of the sum
19 of the balances in the State Division of the employers' accumulation account
20 and the retirement reserve account.

21 (3) The pro rata reduction shall be applied to all annuities
22 payable to state retirants and beneficiaries during the ensuing fiscal year.

23 (b)(1) If, at the end of any fiscal year, the total of the annuities
24 paid during the fiscal year from the County Local Government Division of the
25 retirement reserve account is more than twelve percent (12%) of the sum of the
26 balances in the County Local Government Division of the employers'
27 accumulation account and the retirement reserve account at the end of the
28 fiscal year, then the annuities payable to county retirants and beneficiaries
29 in the ensuing fiscal year shall be reduced pro rata.

30 (2) This reduction shall be made in such a manner that the total
31 of the annuities so reduced shall not exceed twelve percent (12%) of the sum
32 of the balances in the County Local Government Division of the employers'
33 accumulation account and the retirement reserve account.

34 (3) The pro rata reduction shall be applied to all annuities
35 payable to County Local Government retirants and beneficiaries during the
36 ensuing fiscal year.

1 ~~(c)(1) If, at the end of any fiscal year, the total of the annuities~~
 2 ~~paid during the fiscal year from the Municipal Division of the retirement~~
 3 ~~reserve account is more than twelve percent (12%) of the sum of the balances~~
 4 ~~in the Municipal Division of the employers' accumulation account and the~~
 5 ~~retirement reserve account at the end of the fiscal year, then the annuities~~
 6 ~~payable to municipal retirants and beneficiaries in the ensuing fiscal year~~
 7 ~~shall be reduced pro rata.~~

8 ~~(2) This reduction shall be made in such a manner that the total~~
 9 ~~of the annuities so reduced shall not exceed twelve percent (12%) of the sum~~
 10 ~~of the balances in the Municipal Division of the employers' accumulation~~
 11 ~~account and the retirement reserve account.~~

12 ~~(3) The pro rata reduction shall be applied to all annuities~~
 13 ~~payable to municipal retirants and beneficiaries during the ensuing fiscal~~
 14 ~~year.~~

15
 16 SECTION 16. Arkansas Code 24-4-301 is amended to read as follows:

17 24-4-301. Membership as condition to employment.

18 (a)(1) Except as set forth in this subsection, all state employees, as
 19 defined in ~~§ 24-4-101(12)~~ § 24-4-101(17) and (44), shall become members of the
 20 Arkansas Public Employees' Retirement System as a condition of employment.

21 (2)(A) Membership in the system shall not be mandatory for any
 22 member of the General Assembly who notifies the system in writing of his or
 23 her decision not to participate. The member may elect not to participate for
 24 all or any part of his or her service or benefits as a member of the General
 25 Assembly. The member may make the election at any time.

26 (B) By electing not to be a member of the system, the
 27 individual is precluded from earning any credit or receiving any benefit based
 28 upon General Assembly service.

29 (C)(i) A person who is first elected as a member of the
 30 General Assembly on or after July 1, 1999, shall have his or her employment
 31 covered as a regular state employee member in lieu of coverage under special
 32 provisions relating to General Assembly members or to elected officials.
 33 However, if the member's only service under an Arkansas retirement plan is
 34 service as a member of the General Assembly, then the member must have ten
 35 (10) or more years of ~~credited~~ actual service to be eligible for benefits.

36 (ii) A person who was first elected as a member of

1 the General Assembly before July 1, 1999, may elect to have his or her
 2 employment covered as a regular state employee member in lieu of coverage
 3 under special provisions relating to General Assembly members or to elected
 4 officials. However, if the member's only service under an Arkansas retirement
 5 plan is service as a member of the General Assembly, then the member must have
 6 ten (10) or more years of ~~credited~~ actual service to be eligible for benefits.
 7 The member may make the election at any time.

8 (3) Nothing in this subsection shall abrogate the entitlement to
 9 retirement benefits based upon any other covered employment.

10 (b) All county employees, as defined in ~~§ 24-4-101(9), (12), (16), (18),~~
 11 ~~and (31)~~ § 24-4-101(14), (17), and (27), who are in the employ of a county
 12 July 1, 1959, and all persons who became or become county employees in the
 13 employ of a county after June 30, 1959, shall become members of the system as
 14 a condition of continuing in or obtaining county employment, as the case may
 15 be.

16 (c) All municipal employees, as defined in ~~§ 24-4-101(9), (12), (16),~~
 17 ~~(18), and (31)~~, § 24-4-101(17), (24), and (27) who are in the employ of a
 18 municipality as of the date the municipality becomes a participating public
 19 employer and all persons who become municipal employees in the employ of a
 20 municipality on or after the date it becomes a participating public employer
 21 shall become members of the system as a condition of continuing in or entering
 22 the employ of the municipality. However, no employee shall be included whose
 23 compensation is less than six hundred dollars (\$600) per annum.

24 (d) All non-state employees as defined in § 24-4-101(17), (22), (27)
 25 and (33), who are in the employ of a non-state employer as of the date the
 26 non-state employer becomes a participating public employer and all persons who
 27 become non-state employees in the employ of a non-state employer on or after
 28 the date it becomes a participating public employer shall become members of
 29 the system as a condition of continuing in or entering the employ of the non-
 30 state employer.

31 ~~(d)~~(e)(1) From and after July 1, 1973, all elected and appointed state
 32 and county constitutional officials shall be or become members of the system.

33 (2) Any current member of the system who has service prior to
 34 July 1, 1973, as an elected or appointed constitutional official, which
 35 service is not credited to his retirement account because the member elected
 36 not to become a member of the system during that time, shall receive credited

1 service for that time, but only if:

2 (A) The person is a contributing member of the system on
3 the date the service is purchased and the person has, at the time of purchase,
4 at least two (2) years of credited service in the system;

5 (B) The member buys all of the service rendered during the
6 period of time in which he did not participate in the system; and

7 (C) The member pays or causes to be paid all employee
8 contributions at the rate and on the compensation that would have been paid
9 had he been a member of the system during that period of time, all employer
10 contributions based on the employer normal cost from the most recently
11 completed regular annual actuarial valuation and the compensation that would
12 have been paid had he been a member during that time, and regular interest on
13 the employee and employer contributions computed from the date the service was
14 rendered to the date the payment is received by the system.

15

16 SECTION 17. Arkansas Code 24-4-302 is amended to read as follows:

17 24-4-302. County employees included - Exceptions.

18 All counties in this state shall be subject to the provisions of this
19 act as participating public employers, and all counties shall, from and after
20 July 30, 1959, include their employees, as defined in § 24-4-101~~(9), (12),~~
21 ~~(16), (18), and (31)~~ (14), (17), and (27), in the membership of the Arkansas
22 Public Employees' Retirement System, except as follows:

23 (1) Any newly constructed county-owned and operated hospital
24 which was first placed in use after December 1, 1975, may elect, by at least a
25 two-thirds (2/3) vote of its governing body, to exclude the employees of the
26 hospital from membership in the system, but only if the election was certified
27 to the Board of Trustees of the Arkansas Public Employees' Retirement System
28 prior to July 1, 1976; however, any hospital electing to exclude its employees
29 from membership under the provisions of this subdivision (1) shall require its
30 employees to become members of the system effective July 1, 1978;

31 (2) A hospital which is owned but not operated by a county and
32 which, subsequent to June 30, 1963, becomes operated by a county, may elect,
33 by at least a two-thirds (2/3) vote of its governing body, to exclude its
34 employees of the hospital from membership in the system, but only if the
35 election is certified to the board within a period of one (1) year from and
36 after the date the hospital becomes operated by a county;

1 (3)(A) In the event the governing body of a county-owned and
 2 operated hospital elects to exclude its employees from membership in the
 3 system, the employees of the hospital shall thereupon cease to be members of
 4 the system.

5 (B) Any balances standing to the credit of the members in
 6 the members' deposit account shall be returned to the members.

7 (C) If any hospital elects, after February 1, 1971, and
 8 prior to July 1, 1972, to exclude its members from the system, the
 9 contributions made to the system by or on behalf of the hospital that are in
 10 excess of the amounts determined by actuarial calculations to be necessary to
 11 fund the outstanding obligations of the system to employees of the withdrawing
 12 hospital shall be returned to the withdrawing hospital;

13 (4)(A) A hospital which, as of June 30, 1988, is owned and
 14 operated by a county and which has failed to participate in the system may
 15 elect to exclude the employees of the hospital from membership in the system
 16 by at least a two-thirds (2/3) vote of its governing body.

17 (B) Neither employees of the hospital nor the hospital
 18 shall be liable or eligible to pay any past contribution which may have been
 19 due the system, but only if the election is certified to the board prior to
 20 July 1, 1990.

21

22 SECTION 18. Arkansas Code 24-4-304 is amended to read as follows:

23 24-4-304. ~~Termination of membership—Reemployment.~~ Credited service -
 24 Cessation of employment - Reemployment.

25 ~~(a) Except as otherwise provided in this act, should any member no~~
 26 ~~longer be employed by a public employer for any reason except his retirement,~~
 27 ~~as provided in this act, or his death, he shall thereupon cease to be a member~~
 28 ~~of the Arkansas Public Employees' Retirement System, and his credited service~~
 29 ~~at that time shall be forfeited by him.~~

30 ~~(b)(1) In the event the person again becomes an employee of a~~
 31 ~~participating public employer, he shall again become a member of the system.~~

32 ~~(2)(A) His credited service which required member contributions~~
 33 ~~and then was forfeited by him at termination of covered employment shall be~~
 34 ~~restored to his credit if he returns to the members' deposit account the~~
 35 ~~amounts he may have withdrawn therefrom, together with regular interest from~~
 36 ~~the date of withdrawal to the date of repayment, which repayment shall be made~~

1 ~~according to such rules and regulations as the Board of Trustees of the~~
2 ~~Arkansas Public Employees' Retirement System shall adopt.~~

3 ~~(B) His credited service which did not require member~~
4 ~~contributions and then was forfeited by him at termination of covered~~
5 ~~employment shall be restored to his credit.~~

6 ~~(c) Upon a member's retirement or death, he shall thereupon cease to be~~
7 ~~a member of the system.~~

8 ~~(d)(1) In the event a person is a former member and becomes an employee~~
9 ~~of a public employer covered by a retirement system which is not a reciprocal~~
10 ~~retirement system, he shall become eligible to be a member of the system for~~
11 ~~the limited purpose of purchasing his previously forfeited service.~~

12 ~~(2) His credited service which required member contributions and~~
13 ~~then was forfeited by him at termination of covered employment shall be~~
14 ~~restored to his credit if he returns to the members' deposit account the~~
15 ~~amounts he may have withdrawn therefrom, together with regular interest from~~
16 ~~the date of withdrawal to the date of repayment.~~

17 ~~(3) The repayment shall be made according to such rules and~~
18 ~~regulations as the board shall adopt.~~

19 (a)(1)(A) When a member is no longer employed in a position covered by
20 the Arkansas Public Employees' Retirement System, he shall thereupon cease to
21 be a member.

22 (B) Except as otherwise provided in this chapter, upon
23 termination of his membership, a member's credited service is forfeited.

24 (2) If the person is not a retirant and becomes reemployed in a
25 position covered by the Arkansas Public Employees' Retirement System, he shall
26 become a member of the Arkansas Public Employees' Retirement System, and his
27 credited service which did not require member contributions and then was
28 forfeited by him at termination of covered employment shall be restored to his
29 credit.

30 (b)(1) Upon a member's retirement, he shall cease to be a member.

31 (2) Except as provided otherwise in this chapter, he shall not
32 again become a member.

33 (c) Should a former member entitled to a deferred annuity provided for
34 in § 24-4-510 become employed in a position covered by the Arkansas Public
35 Employees' Retirement System before becoming a retirant, he shall thereupon
36 cease to be entitled to a deferred annuity, and he shall become a member with

1 his last credited service reinstated.

2

3 SECTION 19. Arkansas Code 24-4-401(b)(1), concerning contributions of
4 members, is amended to read as follows:

5 (b)(1) The contributions of a contributory member shall be six percent
6 (6%) of his annual compensation.

7

8 SECTION 20. Arkansas Code 24-4-402 is amended to read as follows:

9 24-4-402. Contributions of state and ~~counties~~ local government division
10 employers - Accounts of retirement system.

11 (a)(1) The employers' accumulation account shall be the account in
12 which shall be accumulated the contributions made by public employers to the
13 Arkansas Public Employees' Retirement System.

14 (2) Upon the retirement of a member, the difference between his
15 annuity reserve and his accumulated contributions standing to his credit in
16 the members' deposit account shall be transferred from the employers'
17 accumulation account to the retirement reserve account.

18 (b)(1) The state employer contributions shall be a set percentage rate
19 of the compensations of state employees who are members. The rate of
20 percentage shall be set by the Board of Trustees of the Arkansas Public
21 Employees' Retirement System as provided for by ~~§ 24-3-103~~ § 24-2-701.

22 (2) The state's contributions, when paid into the Arkansas Public
23 Employees' Retirement System Fund, shall be credited to the employers'
24 accumulation account.

25 (c)(1) The employer contributions to be paid by each participating
26 public employer, other than the state, shall be a set percentage rate of the
27 compensations of its employees who are members. The rate of percentage shall
28 be set by the board as provided for by ~~§ 24-3-103~~ § 24-2-701.

29 (2) The participating public employers' contributions, when paid
30 into the fund, shall be credited to the employers' accumulation account.

31 (d)(1) The retirement reserve account shall be the account from which
32 all annuities shall be paid as provided for in this act.

33 (2) If a disability retiree returns to the employ of a public
34 employer, his annuity reserve at that time shall be transferred from the
35 retirement reserve account to the members' deposit account and the employers'
36 accumulation account in the same proportion as the annuity reserve was

1 originally transferred to the retirement reserve account.

2 (e)(1) The income account shall be the account to which shall be
3 credited all interest, dividends, and other income from investments of the
4 system, all gifts and bequests received by the system, and all other moneys,
5 the disposition of which is not specifically provided for in this act.

6 (2) There shall be paid or transferred from the income account
7 all amounts required to credit regular interest to the various divisions of
8 the members' deposit account, employers' accumulation account, and the
9 retirement reserve account, as provided in this act.

10 (3) Whenever the board determines that the balance in the income
11 account is more than sufficient to cover current charges to the account, the
12 excess may be transferred by the board to any of the other accounts of the
13 system to cover special needs of the accounts.

14

15 SECTION 27. Arkansas Code 24-4-501 is amended to read as follows:

16 24-4-501. Prior service credit generally - Straight life annuity.

17 (a)(1)~~(A)~~ Any member of the Arkansas Public Employees' Retirement
18 System who became a member of the system on July 1, 1957, in the case of a
19 state employee, or who became a member of the system on July 1, 1959, in the
20 case of a county employee, and who was continuously employed by a public
21 employer to June 8, 1961, upon application and submission of proper proof to
22 the Board of Trustees of the Arkansas Public Employees' Retirement System, as
23 authorized by §§ ~~24-4-101, 24-4-105, 24-4-201, 24-4-202, 24-4-205, 24-4-207,~~
24 ~~24-4-209, 24-4-301, 24-4-304, 24-4-401, 24-4-402, 24-4-507, 24-4-508, 24-4-~~
25 ~~510, 24-4-513, 24-4-601, 24-4-603, 24-4-605, and 24-4-606~~ this chapter, may
26 receive prior service credit for any service rendered a public employer, as
27 defined in § 24-4-101, in the State of Arkansas in a position covered by some
28 other existing retirement system of this state authorized by law, other than
29 social security.

30 ~~(B)~~(2) Prior service credit may be received only if the member
31 does not have standing to his credit in the other retirement system for the
32 same period of time and is no longer a member of, or eligible for membership
33 in, or receiving benefits from, the other retirement system or systems.

34 ~~(2)~~(b) Any active member of the Arkansas Public Employees' Retirement
35 System who would otherwise be eligible for free prior service credit under the
36 provisions of §§ ~~24-4-101, 24-4-105, 24-4-201, 24-4-202, 24-4-205, 24-4-207,~~

1 ~~24-4-209, 24-4-301, 24-4-304, 24-4-401, 24-4-402, 24-4-507, 24-4-508, 24-4-~~
 2 ~~510, 24-4-513, 24-4-601, 24-4-603, 24-4-605, and 24-4-606~~ this chapter,
 3 because of employment with a public employer or with the public schools but
 4 who was drafted and was serving in the military on active duty on a date which
 5 would have made the member eligible for the free prior service had he been an
 6 employee on that date shall receive, upon application and submission of proper
 7 proof to the board, free prior service credit for employment prior to July 1,
 8 1957, in the case of a state, municipal, or school employee, or prior to July
 9 1, 1959, in the case of a county employee, if the following conditions are
 10 met:

11 ~~(A)(1)~~ The member was an employee of a public employer
 12 immediately preceding his involuntary service in the armed forces; and

13 ~~(B)(2)~~ He was reemployed as an employee within six (6) months of
 14 his discharge from the armed forces of the United States.

15 ~~(3)(C)~~ For the purposes of this subsection, prior service credit
 16 eligibility dates are:

17 ~~(A)(1)~~ July 1, 1957, for state employees;

18 ~~(B)(2)~~ July 1, 1959, for county employees;

19 ~~(C)(3)~~ October 1, 1957, and October 1, 1965, for school
 20 employees;

21 ~~(D)(4)~~ July 1, 1957, and January 1, 1963, for colleges and
 22 universities; or

23 ~~(E)(5)~~ The date the employer begins participation in the system
 24 for municipalities.

25 ~~(b) When a member of the Arkansas Public Employees' Retirement System~~
 26 ~~retires from the system and is entitled to a straight life annuity payable~~
 27 ~~from the funds of the system and has been given prior service credit in a~~
 28 ~~position as set forth in subsection (a) of this section, then the Executive~~
 29 ~~Secretary of the Board of Trustees of the Arkansas Public Employees'~~
 30 ~~Retirement System shall, on July 1 of each year, direct the Treasurer of State~~
 31 ~~to transfer from the fund from which the member's salary was paid, for the~~
 32 ~~period of time employed in positions covered by some other retirement system~~
 33 ~~of this state, an amount necessary to prorate the benefits between the funds~~
 34 ~~of the Arkansas Public Employees' Retirement System and the fund from which~~
 35 ~~the member was paid, in accordance with the portions of his credited service~~
 36 ~~acquired under each fund, to the Arkansas Public Employees' Retirement System~~

1 Fund-

2

3 SECTION 22. Arkansas Code 24-4-507 is amended to read as follows:
4 24-4-507. Eligibility for benefits - Credited service.

5 (a)(1) The Board of Trustees of the Arkansas Public Employees'
6 Retirement System shall determine, by appropriate rules and regulations
7 consistent with the provisions of ~~§§ 24-4-101, 24-4-105, 24-4-201, 24-4-202,~~
8 ~~24-4-205, 24-4-207, 24-4-209, 24-4-301, 24-4-304, 24-4-401, 24-4-402, 24-4-~~
9 ~~507, 24-4-508, 24-4-510, 24-4-513, 24-4-601, 24-4-603, 24-4-605,~~ and 24-4-
10 ~~606~~ this chapter, the amount of service to be credited any member for any
11 fiscal year.

12 (2)(A) For periods of time prior to July 1, 1991, in no case
13 shall less than ten (10) days of service rendered by a member in any calendar
14 month be credited as a month of service; nor shall less than eleven (11)
15 months of service rendered by a member in any fiscal year be credited as a
16 year of service unless the member is employed by the state blind and deaf
17 schools, the state colleges and universities, and the public schools of the
18 state, in which case nine (9) months would constitute a year of credited
19 service.

20 (B) For periods of time prior to July 1, 1991, in no case
21 can less than nine (9) months of service rendered in any fiscal year be
22 credited as a full year of service.

23 (3)(A) Beginning July 1, 1992, and thereafter, service rendered
24 by a member in any calendar month shall be credited as service based upon the
25 member's number of hours of service in such month and in accordance with the
26 following schedule:

27

- 28 Eighty (80) or more hours of serviceOne (1) month
- 29 Sixty (60) hours up to less than eighty
- 30 (80) hoursThree-fourths (3/4) month
- 31 Forty (40) hours up to less than sixty
- 32 (60) hoursOne-half (1/2) month
- 33 Twenty (20) hours up to less than forty
- 34 (40) hoursOne-quarter (1/4) month
- 35 Less than twenty (20) hoursNo credit

36

1 (B) Beginning July 1, 1991, in no case shall less than
2 eleven (11) months of service rendered by a member in any fiscal year be
3 credited as a full year of service, except that such minimum shall be lowered
4 to nine (9) months for a member whose covered employment is employment with
5 the state blind and deaf schools, the state colleges and universities, and the
6 public schools.

7 (C) Any member who retires on or after July 1, 1999, shall
8 receive six (6) months of service credit for each full semester of service
9 rendered in any fiscal year for covered employment with the state blind and
10 deaf schools, the state colleges and universities, and the public schools of
11 the state.

12 (4) Prior service credits shall not be granted to any member who
13 did not become a member of the Arkansas Public Employees' Retirement System on
14 the date his or her public employer became a participating public employer,
15 nor shall current service credit be granted any member for any period of time
16 not covered by accumulated contributions standing to his credit in the
17 members' deposit account, except as otherwise provided in ~~§§ 24-4-101—24-4-~~
18 ~~105, 24-4-201, 24-4-202, 24-4-205, 24-4-207—24-4-209, 24-4-301—24-4-304,~~
19 ~~24-4-401, 24-4-402, 24-4-507, 24-4-508, 24-4-510—24-4-513, 24-4-601—24-4-~~
20 ~~603, 24-4-605, and 24-4-606~~ this chapter.

21 (b)(1) A member's credited service shall include periods of time, not
22 to exceed a total of five (5) years, during which his employment with a public
23 employer was, or is, interrupted due to service rendered by him in the armed
24 forces of the United States during a national emergency, but only if:

25 (A) The person was, or is, an employee of a public employer
26 at the time he entered, or enters the armed services;

27 (B) He was, or is, reemployed by a public employer within
28 six (6) years from and after the termination of the armed service required of
29 him; and

30 (C) He returns to the members' deposit account the amounts
31 withdrawn by him, together with regular interest from the date of withdrawal
32 to the date of repayment.

33 (2) In any case of doubt as to the period to be so credited any
34 member, the board shall have the final power to determine the period.

35 (3) During the period of a member's armed service and until his
36 return to the employ of a public employer, a member's contributions to the

1 system shall be suspended.

2 (4) In no case shall the period of armed service be included in
3 computing a member's average compensation.

4

5 SECTION 23. Arkansas Code 24-4-508 is amended to read as follows:

6 24-4-508. Eligibility for benefits - Retirement generally.

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

12 (1) Twenty-eight (28) or more years of credited service
13 regardless of age;

14 (2) Attained or attains age sixty (60) and has twenty (20) or
15 more years of ~~credited~~ actual, contributory service; or

16 (3) Attained or attains age sixty-five (65) and has five (5) or
17 more years of ~~credited~~ actual service, except for members of the General
18 Assembly who must have ten (10) or more years of ~~credited~~ actual service if
19 they only have service as a member of the General Assembly.

20 ~~(b) Upon his retirement, he shall receive an annuity provided for in §~~
21 ~~24-4-601.~~

22 ~~(c)(b)~~(1) Total credited service to qualify for a benefit may be
23 service with the Arkansas Public Employees' Retirement System and service with
24 the University of Arkansas System, which service is covered by the retirement
25 system recognized by the University of Arkansas.

26 (2) The benefit payable by the system shall be based on credited
27 service in the system and on the final average compensation in the system.
28 However, should a member have less than four (4) years of credited service in
29 the system, "final average compensation" means the monthly average of pays to
30 him during his total years of service in the system.

31 ~~(d)(c)(1)(A)~~ An annuity determination shall be made promptly by the
32 system upon a member's filing a written application for retirement in
33 accordance with subsection (a) of this section.

34 ~~(B)(2)~~ Such determination shall include the member's total years
35 of credited service, the specific factors used to make the determination, the
36 base annuity payable to the member, and the amount of annuity payments, if

1 any, payable under the annuity options of § 24-4-606.

2 ~~(C)(3)~~ If the member is not eligible for a retirement annuity,
3 the determination shall state the reasons for such determination.

4 ~~(2)(A)~~ The board may reconsider a benefit determination in
5 accordance with § 24-4-207(c). Except as provided for the calculation of the
6 annual cost of living adjustment under § 24-4-607, no reconsideration may be
7 made after one (1) year from the date of the original determination.

8 ~~(B)(i)~~ If the annuity amount is decreased upon the
9 reconsideration, the matters involved in the decrease shall be set forth in
10 writing and shall be subject to review upon the filing of an appeal thereof by
11 the member or annuity recipient.

12 ~~(ii)~~ The redetermination shall be deemed to be final
13 and binding on all parties unless, within twenty (20) days after the mailing
14 of notice of the redetermination to the member's last known address, or twenty
15 (20) days after personal delivery of such notice to the member, an appeal
16 thereof is filed with the Executive Director of the Arkansas Public Employees'
17 Retirement System.

18 ~~(3)~~ The director shall promptly hear all appeals of annuity
19 determinations or redeterminations and shall conduct such hearings in
20 accordance with procedures set forth by the board.

21
22 SECTION 24. Arkansas Code 24-4-510 is amended to read as follows:

23 24-4-510. Eligibility for benefits - Deferred and early annuities.

24 ~~(a)(1)~~ A member with twenty (20) or more years of credited service who
25 left or leaves the employ of a public employer prior to his attainment of age
26 sixty (60) for any reason except his retirement or death shall be entitled to
27 an annuity provided for in § 24-4-601, but only if he does not withdraw his
28 accumulated contributions from the members' deposit account.

29 ~~(2)~~ His annuity shall begin the first day of the calendar month
30 next following the month after his attainment of age sixty (60) upon his
31 written 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, he desires to be retired.

35 ~~(b)(1)~~ A member who has at least five (5) years but less than twenty
36 (20) years of credited service who leaves the employ of a public employer

1 ~~prior to his attainment of age sixty five (65) for any reason except his~~
2 ~~retirement or death and who does not withdraw his accumulated contributions~~
3 ~~from the members' deposit account shall be entitled to an annuity provided for~~
4 ~~in § 24-4-601.~~

5 ~~(2) His annuity shall begin the first day of the calendar month~~
6 ~~next following the month after his attainment of age sixty five (65) upon his~~
7 ~~written application filed with the board setting forth at what time, not less~~
8 ~~than thirty (30) days nor more than ninety (90) days subsequent to the~~
9 ~~execution and filing thereof, he desires to be retired.~~

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

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

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

29 ~~(c)(1) In place of his deferred annuity provided for in subsection (a)~~
30 ~~or (b) of this section, a member or former member who attains or has attained~~
31 ~~age fifty five (55) may elect to receive an immediate early annuity upon his~~
32 ~~written application therefor on a form furnished by the board and filed with~~
33 ~~the board.~~

34 ~~(2)(3)~~ The early annuity shall be effective the first day of the
35 calendar month next following the later of termination of public employer
36 employment or thirty (30) days after receipt by the board of the written

1 appli cation.

2 ~~(3) The amount of the early annuity shall be the amount of~~
 3 ~~deferred annuity reduced by one half of one percent (0.5%) multiplied by the~~
 4 ~~number of months by which the first payment due date of the early annuity is~~
 5 ~~earlier than the first payment due date of the deferred annuity.~~

6 (b)(1) A member who terminates covered employment before attaining his
 7 normal retirement age, for a reason other than death or early retirement or
 8 disability retirement, shall be entitled to an annuity computed in accordance
 9 with the provisions of paragraph (2) of this section as it provides at time of
 10 last termination of employment, subject to the member's satisfying all of the
 11 following conditions:

12 (A) Except for members of the General Assembly, who must
 13 have at least ten (10) years of actual service, the member has five (5) or
 14 more years of total actual service with the Arkansas Public Employees'
 15 Retirement System or in combination with reciprocal systems under the
 16 provisions of §§ 24-2-401 - 24-2-407. In establishing the minimum total
 17 credited service, periods of credited service covering the same calendar time
 18 shall be counted only once. However, both service in the Arkansas Public
 19 Employees' Retirement System as a member of the General Assembly and service
 20 in another reciprocal system during the same period of time may be counted to
 21 meet the service requirements for benefits from the reciprocal systems,
 22 subject to the following:

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

25 (ii) The benefit payable by a reciprocal system will
 26 be based on the credited service in that system and on the final average
 27 compensation under that system.

28 (B) If a member has fewer years of service than the final
 29 average compensation requirement in a reciprocal system, then "final average
 30 compensation" means the monthly average of pay to him during his total years
 31 of service in that system;

32 (i) The member lives to his annuity starting date;

33 (ii) The member makes written application for
 34 retirement in accordance with § 24-4-510;

35 (2)(A) A contributory member with twenty (20) or more years of
 36 actual service who left or leaves the employ of a public employer prior to his

1 attainment of age sixty (60) for any reason except his retirement or death
2 shall be entitled to an annuity provided for in § 24-4-601, but only if he
3 does not withdraw his accumulated contributions from the members' deposit
4 account.

5 (B) His annuity shall begin the first day of the calendar
6 month next following the month after his attainment of age sixty (60) upon his
7 written application filed with the Board of Trustees of the Arkansas Public
8 Employees' Retirement System setting forth at what time, not less than thirty
9 (30) days nor more than ninety (90) days subsequent to the execution and
10 filing of the application, he desires to be retired.

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

17 (B) A noncontributory member who has at least five (5)
18 years but less than twenty-eight (28) years of actual service who leaves the
19 employ of a public employer prior to the attainment of age sixty-five (65)
20 years for any reason except retirement or death shall be entitled to an
21 annuity provided for in § 24-4-606.

22 (C) His annuity shall begin the first day of the calendar
23 month next following the month of attainment of age sixty-five (65) years upon
24 his written application filed with the board setting forth at what time, not
25 less than thirty (30) days nor more than ninety (90) days subsequent to the
26 execution and filing thereof, he desired to be retired.

27 (4) The monthly amount of vested termination annuity shall be
28 computed in the same manner as a normal annuity amount provided for in 24-4-
29 601, but it shall be based upon the member's credited service and final
30 average compensation at the time of termination of employment covered by the
31 Arkansas Public Employees' Retirement System.

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

34
35 SECTION 25. Arkansas Code 24-4-511 is amended to read as follows:
36 24-4-511. Eligibility for benefits - Disability retirement.

1 (a)(1)(A) Except for members of the General Assembly who need at least
 2 ten (10) years of ~~credited~~ actual service, any active member with five (5) or
 3 more years of actual service, including ~~credited~~ actual service for at least
 4 eighteen (18) of the twenty-four (24) calendar months immediately preceding
 5 his disability, who becomes totally and permanently physically or mentally
 6 incapacitated for any suitable job or position as an employee as a result of a
 7 personal injury or disease, may be retired by the Board of Trustees of the
 8 Arkansas Public Employees' Retirement System upon written application filed
 9 with the board by or on behalf of the member.

10 (B) This may occur only if after a medical examination of
 11 the member made by or under the direction of a physician or physicians
 12 designated by the board, the physician reports to the board in writing that
 13 the member is physically or mentally totally incapacitated for any suitable
 14 job or position, that the incapacity will probably be permanent, and that the
 15 member should be retired.

16 (2) Upon filing the proper application and meeting the
 17 requirements stated in this section, the disability annuity shall be effective
 18 the first day of the calendar month next following the later of either his
 19 termination of active membership or the onset date of the qualifying
 20 disability.

21 (b)(1) Upon disability retirement as provided in subsection (a) of this
 22 section, a member shall receive an annuity provided for in § 24-4-601, and his
 23 disability retirement and annuity shall be subject to the provisions of
 24 subsections (c) and (d) of this section.

25 (2) When a person retired on disability under ~~§§ 24-4-101—24-4-~~
 26 ~~105, 24-4-201, 24-4-202, 24-4-205, 24-4-207—24-4-209, 24-4-301—24-4-304,~~
 27 ~~24-4-401, 24-4-402, 24-4-507, 24-4-508, 24-4-510—24-4-513, 24-4-601—24-4-~~
 28 ~~603, 24-4-605, and 24-4-606~~ this chapter, reaches the age required for full
 29 age and service retirement benefits, his retirement status shall be changed
 30 from that of disability to superannuation, ~~and he shall be eligible to return~~
 31 ~~to employment subject to the provisions of § 24-2-406 [repealed].~~

32 (3)(A)(i) A person who receives or who is receiving a benefit
 33 solely because of disability but who meets or has met the elected credited
 34 service and total credited service requirement but not the age requirement for
 35 a benefit provided for a member with elected service, upon attaining the
 36 required age, may have his disability retirement status changed to

1 superannuation.

2 (ii) His benefit shall be the age and service amount
3 provided by his credited service in effect before termination of employment
4 because of disability.

5 (B) The change must be made by formal request of the
6 retiree to the board on a form to be furnished by the Arkansas Public
7 Employees' Retirement System and filed with the system setting forth at what
8 time, not less than thirty (30) days nor more than ninety (90) days subsequent
9 to the execution and filing thereof, he desires the change to be effective.

10 (C) In no event shall the change be effective earlier than
11 the first of the month following attainment of the age required for the age
12 and service benefit provided by his amount of credited service, and, after the
13 effective date, he shall be eligible to return to employment subject to the
14 provisions of ~~§ 24-2-101 [repealed]~~ and ~~§ 24-2-406 [repealed]~~ § 24-4-520.

15 (c)(1) At least once each year during the first five (5) years
16 following a member's retirement on account of disability and at least once in
17 each three-year period thereafter, the board may require any disability
18 retiree who has not attained the normal retirement age for full age and
19 service retirement benefits to undergo a medical examination to be made by or
20 under the direction of a physician or physicians designated by the board.

21 (2) If a retiree refuses to submit to a medical examination in
22 any period, his disability annuity may be suspended by the board until his
23 withdrawal of the refusal.

24 (3) If the refusal continues for one (1) year, all his rights in
25 and to a disability annuity may be revoked by the board.

26 (4) If, upon the medical examination of the retiree, the
27 physician reports to the board that the retiree is physically and mentally
28 able and capable for a suitable job or position as an employee, his disability
29 retirement shall terminate.

30 (5) If a disability retiree secures employment with an employer
31 not considered a public employer, as defined in § 24-4-101, for the purpose of
32 determining whether he is capable of returning to employment, then the
33 disability retiree shall be allowed to earn compensation from the employment
34 for a period of time not to exceed nine (9) months, during which period of
35 time the retiree shall receive no monthly benefits from the system.

36 (6) If the retiree becomes unable to continue his employment

1 before the nine-month period expires, then his disability retirement benefits
2 from the system shall be reinstated and shall be effective the first day of
3 the month after terminating his employment.

4 (7) Only one (1) trial work period is allowed any disability
5 retiree, but the nine (9) months need not be consecutive.

6 (8) The trial work period does not prevent the consideration of
7 any medical evidence which may demonstrate recovery before the ninth month of
8 trial work.

9 (d)(1) If, at the end of the nine-month trial work period, the retiree
10 wishes to continue his employment outside the system, then his disability
11 retirement status shall terminate. For the purpose of determining his
12 eligibility for any other benefit, he shall be considered to have terminated
13 active membership as of the time of disability retirement but for a reason
14 other than disability or death.

15 (2) If the former disability retiree again becomes an employee
16 of a public employer, as defined in § 24-4-101, he shall immediately again
17 become a member of the system, his credited service at the time of his
18 disability retirement shall be restored to his credit, and the amount of his
19 accumulated contributions at the time of his disability retirement shall be
20 restored to his credit in the members' deposit account.

21 (3) In no event shall he be given service credit for the period
22 he was in receipt of the disability annuity.

23 (4) Should the former disability retiree again become totally
24 and permanently disabled within twenty-four (24) months immediately following
25 his return to membership or should he qualify for benefits by reason of age
26 and service, the eighteen (18) months' credited service requirement specified
27 in this section shall be waived.

28 (e)(1) As used in this section, "suitable job or position" means a job
29 or position, the requirements of which can be physically or mentally
30 performed, as determined by a physician, and for which the remuneration would
31 be substantially gainful.

32 (2) In case of doubt as to what would be substantially gainful,
33 the board shall have the final power to decide the question.

34 (3) Any former member who is or was approved for disability by
35 the Social Security Administration but whose onset date does not meet the
36 provision of subdivision (a)(1)(A) of this section that requires credited

1 service for eighteen (18) of the twenty-four (24) months immediately preceding
 2 the disability, may be retired by the board upon written application to the
 3 board subject to the following:

4 (A) The onset date determined by the Social Security
 5 Administration is within twenty-four (24) months of the date of termination
 6 from covered employment;

7 (B) The former member furnishes a written statement to the
 8 board from a physician approved by the board that the former member was
 9 suffering at the time of termination from an illness or injury that
 10 subsequently led to the disability determination; and

11 (C) Retirement payments authorized under this section shall
 12 be effective on the first day of the next month following approval by the
 13 board of the written application and shall not be retroactive.

14
 15 SECTION 26. Arkansas Code 24-4-513 is repealed.

16 ~~24-4-513. Minimum period of service for payment of benefits.~~

17 ~~No retirement benefits or disability benefits shall be due or payable to~~
 18 ~~any member of the Arkansas Public Employees' Retirement System with less than~~
 19 ~~eighteen (18) months of current service in the system.~~

20
 21 SECTION 27. Arkansas Code 24-4-514(b), concerning credit for
 22 educational leave, is amended to read as follows:

23 (b) On or after July 1, 1987, any person who is a member of the system
 24 and who is not receiving benefits under the system on July 1, 1987, shall be
 25 entitled to purchase credited service in the system for a period not to exceed
 26 twelve (12) months, for actual time spent on educational leave, provided that
 27 the person:

28 (1) Has ten (10) or more years of ~~creditable~~ actual service with
 29 the system;

30 (2) Was paid a stipend during the period of educational leave;

31 (3) Had creditable service before and for at least two (2) years
 32 after the period of educational leave; and

33 (4) Pays or causes to be paid the sum of all employee
 34 contributions at the rate and on the compensation that would have been paid
 35 had he been a member of the system during that period of time, all employer
 36 contributions based on the employer normal cost from the most recently

1 completed regular annual actuarial valuation and the compensation that would
2 have been paid had he been a member during that time, and regular interest on
3 the employee and employer contributions computed from the date of the
4 educational leave to the date the payment is received by the system.

5
6 SECTION 28. Arkansas Code 24-4-517(b), concerning state service under a
7 federal grant, is amended to read as follows:

8 (b) From and after January 1, 1995, any person who is or was a member
9 of the Arkansas Public Employees' Retirement System shall be entitled to
10 purchase credited service in the system for a period not to exceed three (3)
11 years for state service under a federal grant, but only if the person:

12 (1) Has at least ten (10) years of ~~credited~~ actual service with
13 the system;

14 (2) Is not receiving or was not eligible to receive any
15 retirement benefits paid by another retirement system for the period of time
16 for which he is claiming state service under a federal grant, except for
17 social security benefits, if the person had left on deposit the contributions
18 to the other system;

19 (3)(A) Pays, or causes to be paid, all employee contributions at
20 the rate and on the compensation that would have been paid had he been a
21 member of the system during that time, all employer contributions based on the
22 employer normal cost from the most recently completed regular annual actuarial
23 valuation and the compensation that would have been paid had he been a member
24 during that time, and regular interest on the employee and employer
25 contributions computed from the date the service was rendered to the date
26 payment is received by the system.

27 (B) The member may purchase all of the service or any
28 portion thereof in multiples of one (1) year.

29 (C) The payment of funds shall be made in one (1) lump-sum;
30 and

31 (4) Has otherwise complied with any and all other rules and
32 regulations as the Board of Trustees of the Arkansas Public Employees'
33 Retirement System may from time to time adopt under this section.

34
35 SECTION 29. Arkansas Code 24-4-518, is amended to read as follows:
36 24-4-518. Credit for service as sheriff.

1 A sheriff or former sheriff who became a member of the Arkansas Public
2 Employees' Retirement System pursuant to ~~§ 24-4-101(12)(B)~~, as amended by Acts
3 1995, No. 846, § 1, may purchase his or her time as an elected sheriff prior
4 to July 28, 1995. At his or her option, the sheriff or former sheriff may
5 receive credit for the service, subject to the following conditions:

6 (1) The person is a participating employee covered under the
7 system at the time of the purchase or was a sheriff who became a member
8 pursuant to ~~§ 24-4-101(12)(B)~~, as amended by Acts 1995, Act No. 846, § 1 of
9 1995;

10 (2) The person furnishes proof in a form required by the system
11 of the service and compensation received; and

12 (3) The person pays or causes to be paid:

13 (A) All employee contributions at the rate and on the
14 compensation that would have been paid had he or she been a member during that
15 time;

16 (B) All employer contributions based on the employer normal
17 cost from the most recently completed regular annual actuarial valuation and
18 the compensation that would have been paid had he or she been a member during
19 that time; and

20 (C) Regular interest on the employee and employer
21 contributions. The interest shall be computed from the date the service was
22 rendered to the date the payment is received by the system. The person may
23 purchase all of the service or any portion thereof in multiples of one (1)
24 year; and

25 (4) The payment of funds shall be made in one (1) lump sum.

26
27 SECTION 30. Arkansas Code Title 24, Chapter 4, Subchapter 5 is amended
28 by adding the following additional sections:

29 24-4-521. Credited service generally.

30 (a) The Board of Trustees of the Arkansas Public Employees' Retirement
31 System shall establish the amounts of service to be credited its members
32 subject to the provisions of subsection (b) of this section.

33 (b)(1) Noncontributory employment service by a person who was employed
34 prior to July 1, 1997, as a public safety member shall be credited at one and
35 one-half (1 1/2) times the regular rate for crediting service, and employment
36 service by persons employed on and after July 1, 1997, shall be credited at

1 the regular rate for crediting service, except that at least five (5) years of
2 actual service shall be required to meet the retirement eligibility
3 requirements of § 24-4-601 and §§ 24-4-510 through 24-4-512, and at least five
4 (5) years of actual service shall be required to meet the eligibility
5 requirements of § 24-4-608.

6 (2)(A)(i) Noncontributory employment as Governor by a person
7 first elected to a public office covered by the Arkansas Public Employees'
8 Retirement System prior to July 1, 1999, shall be credited as service at three
9 (3) times the regular rate for credited service.

10 (ii) Noncontributory employment as Governor by a
11 person first elected to a public office covered by the Arkansas Public
12 Employees' Retirement System on or after July 1, 1999, shall be credited at
13 the regular rate for crediting service.

14 (B) However, at least four (4) years of actual service
15 shall be required to meet the retirement eligibility requirements of § 24-4-
16 601 and §§ 24-4-510 through 24-4-512, and at least five (5) years of actual
17 service shall be required to meet the eligibility requirements of § 24-4-608.

18 (3)(A)(i) Noncontributory employment as an elected state
19 constitutional officer by a person first elected to a public office covered by
20 the Arkansas Public Employees' Retirement System prior to July 1, 1999, shall
21 be credited at two and one-half (2 1/2) times the regular rate for crediting
22 service.

23 (ii) Noncontributory employment as an elected state
24 constitutional officer by a person first elected to a public office covered by
25 the Arkansas Public Employees' Retirement System on or after July 1, 1999,
26 shall be credited at the regular rate for crediting service.

27 (B) However, at least five (5) years of actual service
28 shall be required to meet the retirement eligibility requirements of § 24-4-
29 601 and §§ 24-4-510 through 24-4-512, and at least five (5) years of actual
30 service shall be required to meet the eligibility requirements of § 24-4-608.

31 (4)(A) Noncontributory employment as a member of the General
32 Assembly shall be credited at the regular rate for crediting service, except
33 that at least ten (10) years of actual service shall be required to meet the
34 retirement eligibility requirements of §§ 24-4-510, 24-4-511, and 24-4-609,
35 and at least five (5) years of actual service shall be required to meet the
36 eligibility requirements of § 24-4-608.

1 (B) A member of the General Assembly who at any time has
2 served at least six (6) months during a two-year term in the General Assembly
3 shall be credited with no more than one (1) year's actual service.

4 (5) Noncontributory employment as an elected public official
5 other than Governor or an elected state constitutional officer or a member of
6 the General Assembly or an elected public official under the state division of
7 the system shall be credited as service at two (2) times the regular rate for
8 crediting service, except that at least five (5) years of actual service shall
9 be required to meet the retirement eligibility requirements of § 24-4-601 and
10 §§ 24-4-510 through 24-4-512, and at least five (5) years of actual service
11 shall be required to meet the eligibility requirements of § 24-4-608.

12 (6)(A) Noncontributory employment as an elected public official
13 under the state division of the system other than Governor or an elected state
14 constitutional officer or a member of the General Assembly by a person first
15 elected to a public office covered by the Arkansas Public Employees'
16 Retirement System prior to July 1, 1999, shall be credited as service at two
17 (2) times the regular rate for crediting service, except that at least five
18 (5) years of actual service shall be required to meet the retirement
19 eligibility requirements of § 24-4-601 and §§ 24-4-510 through 24-4-512, and
20 at least five (5) years of actual service shall be required to meet the
21 eligibility requirements of § 24-4-608.

22 (B) Noncontributory employment as an elected public
23 official under the state division of the system other than Governor or an
24 elected state constitutional officer or a member of the General Assembly by a
25 person first elected to a public office covered by the Arkansas Public
26 Employees' Retirement System on or after July 1, 1999, shall be credited at
27 the regular rate for crediting service.

28 (c) As used in this section, "elected state constitutional officer"
29 means the Lieutenant Governor, Attorney General, Secretary of State, Auditor
30 of State, Treasurer of State, and Commissioner of State Lands.

31
32 24-4-522. Applicability of benefit provisions.

33 (a) The benefit provisions of this chapter shall be applicable to
34 specified members of the Arkansas Public Employees' Retirement System.

35 (b)(1) The noncontributory benefit provisions of this chapter shall be
36 applicable to each person who has never been a member of the Arkansas Public

1 Employees' Retirement System before January 1, 1978, and who is employed on or
2 after January 1, 1978, in a position covered by the system and who thereby
3 becomes a member.

4 (2) In addition, each other member who was actively employed in a
5 position covered by the Arkansas Public Employees' Retirement System on June
6 30, 1991, may elect to become covered by the noncontributory benefit
7 provisions of this chapter by written application to, and received by, the
8 governing body of the plan before January 1, 1985.

9 (3)(A)(i) Each other member who was not actively employed in a
10 position covered by the Arkansas Public Employees' Retirement System on
11 January 1, 1978, shall become covered by the noncontributory benefit
12 provisions of this chapter at the time he first becomes so employed after
13 January 1, 1978, unless he elects to become covered by the provisions of the
14 Arkansas Public Employees' Retirement System which require member
15 contributions, by written election to, and received by, the governing body of
16 the system before the later of January 1, 1986, and six (6) months after he
17 first becomes so employed after January 1, 1978.

18 (ii) However, if the member so elects benefits
19 requiring member contributions, he shall pay the member contributions from the
20 date of such employment, together with regular interest, from the dates the
21 contributions would normally have been received by the system to the dates of
22 actual payment.

23 (B)(i) The benefits of each member's becoming covered by
24 the noncontributory benefit provisions of this chapter shall be computed by
25 applying the benefit provisions prescribed by this chapter for all credited
26 service of the person rendered before and after January 1, 1978.

27 (ii) However, benefit amounts based upon employment
28 before January 1, 1978, shall not be less than benefit amounts computed in
29 accordance with the Arkansas Public Employees' Retirement System benefit
30 provisions at the time of retirement which require member contributions.

31 (c)(1) The noncontributory benefit provisions of this chapter,
32 including death and disability benefits, shall apply to all credited service
33 rendered before or after the date of election of employees of the Department
34 of Human Services in either the Arkansas Teacher Retirement System or the
35 Arkansas Public Employees' Retirement System.

36 (2)(A) Employees of the Department of Human Services and

1 employees of the Arkansas Rehabilitation Services of the Department of
2 Workforce Education shall be entitled to the benefit amount computed by
3 applying the benefit provisions prescribed by this chapter for all credited
4 service rendered before and after January 1, 1978, except that benefit amounts
5 based upon employment before January 1, 1978, shall not be less than benefit
6 amounts computed in accordance with benefit provisions in effect December 31,
7 1977.

8 (B) On and after January 1, 1993, employees of the Arkansas
9 Rehabilitation Services of the Department of Workforce Education who elected
10 to be covered by the provisions of this subsection and who are still active
11 employees on January 1, 1993, shall be entitled to the benefit amount computed
12 by applying the benefit provisions prescribed by this chapter for all credited
13 service rendered before and after January 1, 1978, except that benefit amounts
14 based upon employment before January 1, 1978, shall be computed in accordance
15 with current benefit provisions in effect for the Arkansas Teacher Retirement
16 System at the time of their retirement.

17 (3) In computing the benefit under the benefit provisions of this
18 chapter, the final average compensation shall be computed upon all service
19 before and after the election of the Arkansas Rehabilitation Services employee
20 as provided in § 24-4-101(33) and 24-4-746.

21 (d) Each public retirement system in which the employee has served
22 shall be responsible financially for the benefit amounts payable to the
23 retirant, his survivors, and beneficiaries based upon the ratio of the number
24 of years the employee was a member of that public retirement system to the
25 total number of years the employee was a member of any of the two (2)
26 statewide retirement systems, i.e., the Arkansas Public Employees' Retirement
27 System or Arkansas Teacher Retirement System.

28 (e)(1)(A) The benefit provisions of this chapter shall be administered
29 by the Arkansas Public Employees' Retirement System for the benefit of all
30 employees making the option.

31 (B) The Arkansas Public Employees' Retirement System shall
32 certify monthly the amount of benefits paid hereunder, and the Arkansas
33 Teacher Retirement System shall immediately transfer such amount from its
34 benefit account to the proper account designated by the Arkansas Public
35 Employees' Retirement System.

36 (2) If an employee of the Department of Human Services who

1 becomes or has become a member of the Arkansas Public Employees' Retirement
2 System under the provisions of this section leaves employment with the
3 Department of Human Services and becomes employed in another position covered
4 by the Arkansas Teacher Retirement System, his credited service, both before
5 and after his service under this chapter, shall be subject to the benefit
6 provisions of §§ 24-7-701, 24-7-702, 24-7-704 - 24-7-713, 24-7-715, and 24-7-
7 716.

8 (3) The member shall be eligible to establish reciprocity under
9 the provisions of §§ 24-2-401 - 24-2-407.

10 (4) Members of the Arkansas Teacher Retirement System who have
11 not elected to pay contributions to that system on full salary shall not be
12 eligible to elect to become covered by the benefit provisions of this chapter
13 unless they first make written application with the Arkansas Teacher
14 Retirement System for full salary coverage for all salaries received from July
15 1, 1969, until the date of making the election to come under the provisions of
16 this chapter and paying to the system the amount of the additional
17 contributions, plus regular interest, for full salary credited service.

18 (f) Any member of the Arkansas Public Employees' Retirement System
19 employed prior to January 1, 1978, who does not elect in writing to become
20 covered by the noncontributory benefit provisions of this chapter shall not be
21 covered by the noncontributory benefit provisions of this chapter but shall
22 remain in the plan he was in January 1, 1978, and shall continue to make
23 regular contributions as provided in the Arkansas Public Employees' Retirement
24 System.

25 (g) Any member of the Arkansas Public Employees' Retirement System who
26 elects in writing to become covered by the noncontributory benefit provisions
27 of this chapter shall be entitled to a refund of any accumulated contributions
28 paid on or after January 1, 1978, and prior to the date of election.

29
30 24-4-523. Conversion from contributory to noncontributory plan -
31 Extension of time.

32 Any person who, under Chapter 3 of Title 24, or any other act, was
33 authorized to convert from the contributory plan of the Arkansas Public
34 Employees' Retirement System to the noncontributory plan of the Arkansas
35 Public Employees' Retirement System prior to January 1, 1985, may convert from
36 the contributory plan to the noncontributory plan at any time.

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SECTION 37. Arkansas Code 24-4-601 is amended to read as follows:

24-4-601. Straight life annuity generally.

(a) Beginning July 1, 1999, any member who retires, as provided in § ~~24-4-507~~, 24-4-508, or §24-4-510 – 24-4-512, shall receive a straight life annuity for each year of contributory service credit equal to two and seven hundredths percent (2.07%) of his final average compensation multiplied by the number of years and fraction of a year of credited service with the Arkansas Public Employees' Retirement System.

(b) For each year of noncontributory credited service in the Arkansas Public Employees' Retirement System resulting from employment in a position covered at any time by social security or another federal retirement plan supported wholly or in part by employer contributions, one and seventy-two hundredths percent (1.72%) of his final average compensation plus, for each year of noncontributory credited service in the Arkansas Public Employees Retirement System resulting from employment never so covered, two and seven hundredths percent (2.07%) of his final average compensation.

(c)(1) For a member of the General Assembly first elected before July 1, 1999, a monthly annuity equal to thirty-five dollars (\$35.00) times the number of years of actual service as a member of the General Assembly; and

(2) For a member of the General Assembly first elected before July 1, 1999 who served as Speaker of the House of Representatives or President Pro Tempore of the Senate, a monthly annuity equal to forty dollars (\$40.00) times the total number of years of actual service as a member of the General Assembly.

(d)(1) In addition, if a member has credited service resulting from employment in a position covered at any time by social security or another federal retirement plan supported wholly or in part by employer contributions, and if that member is retiring as provided in subsections (b) of this section or § 24-4-510, and if that member's age at retirement is younger than:

(A) Social security's minimum age for an immediate retirement benefit; and

(B) Age sixty-two (62), then that member of the Arkansas Public Employees' Retirement System shall receive a temporary annuity equal to thirty-three hundredths percent (0.33%) of his final average compensation for each year of such noncontributory credited service.

1 (2) The temporary annuity shall terminate at the end of the
 2 calendar month in which the earliest of the following events occurs:

3 (A) The member's death;

4 (B) His attainment of the social security minimum age; or

5 (C) His attainment of age sixty-two (62).

6 (3) It is considered sound public policy that retirement pay not
 7 exceed working pay except for increases after retirement caused by inflation.
 8 Accordingly, at the time of retirement, the total of the system's
 9 noncontributory annuities resulting from employment in a position also covered
 10 by social security shall not exceed his final average compensation.

11 (4) If no temporary annuity is payable as provided in this
 12 subsection or after the temporary annuity has terminated, and if the member
 13 has at retirement any credited service for any period of time prior to July 1,
 14 1991, then the future payments of the annuity for life shall not be less than
 15 they would have been under the provisions that were in effect on July 1, 1990
 16 for this subsection, plus a corresponding increase for any benefit
 17 enhancements that have been enacted since July 1, 1991.

18
 19 SECTION 32. Arkansas Code 24-4-606(e), concerning annuity options, is
 20 amended to read as follows:

21 (e) The surviving spouse of a member of the system who retired on or
 22 after February 1, 1991, and who elected a straight life annuity shall be
 23 entitled to receive a survivor's annuity equal to the amount that would have
 24 been received had the member elected Option B75, provided:

25 (1) The member dies within six (6) months of the effective date
 26 of retirement; and

27 (2) The surviving spouse makes application to the system within
 28 six (6) months of the date of the member's death ~~or, if the member is deceased~~
 29 ~~prior to August 13, 1993, within six (6) months of August 13, 1993.~~

30
 31 SECTION 33. Arkansas Code 24-4-608 is amended to read as follows:

32 24-4-608. Payment of benefits upon death of member before retirement -
 33 Exception.

34 (a) If an active member with five (5) or more years of ~~credited~~ actual
 35 service, including credited service for the year immediately preceding his
 36 death, dies in employer service before retirement, the applicable benefits

1 provided in this section shall be paid upon written application to the Board
2 of Trustees of the Arkansas Public Employees' Retirement System.

3 (b)(1)(A) In the event that a member dies and is not being paid on that
4 date by his employer due solely to illness incurred before he left the payroll
5 and the death occurs within one (1) year of the last payroll, or if the
6 member's death occurs on or after July 1, 1998, and long-term disability
7 provided by the employer was being paid at the time of death and the date of
8 death is within eighteen (18) months of the last payroll, then the member
9 shall be considered, for purposes of this section, to have died as an active
10 member if all other necessary provisions of this section are met.

11 (B) For purposes of computing benefits provided by this
12 section, the deceased member's compensation at the time of death shall be his
13 compensation for the year immediately preceding the cessation of his pay.

14 (2) If an active member with five (5) or more years of credited
15 service does not have credited service for the year immediately preceding
16 death due to illness which eventually leads to his death or due to his
17 employer's removing the member from the payroll because of temporary economic
18 conditions of the employer or weather conditions, the active member shall be
19 considered, only for eligibility purposes of this section, to have credited
20 service for the year preceding death, and benefits shall be paid according to
21 the compensation earned during the year preceding death.

22 (c)(1) A member's surviving spouse who was married to the member at
23 least the one (1) year immediately preceding his death shall receive an
24 annuity computed in the same manner in all respects as if the member had:

25 (A) Retired the date of his death with entitlement to an
26 annuity provided for in § 24-4-601;

27 (B) Elected the Option B75 survivor annuity provided for in
28 § 24-4-606(a)(4); and

29 (C) Nominated his spouse as joint beneficiary.

30 (2)(A) If the member had satisfied the age and service
31 requirements provided for in ~~§ 24-4-508~~ § 24-4-101 or had acquired twenty (20)
32 years of ~~credited~~ actual service, the spouse annuity shall commence
33 immediately and be payable for life. If the member had not satisfied the age
34 and service requirement provided for in ~~§ 24-4-508~~ § 24-4-101 or had not
35 acquired twenty (20) years of ~~credited~~ actual service, then the spouse annuity
36 shall commence immediately and be payable until the earlier of his remarriage

1 or death.

2 (B) A surviving spouse who is otherwise eligible but whose
3 benefit has been deferred because the spouse did not meet the age requirements
4 in effect before July 1, 1999, shall be eligible to commence a spouse annuity
5 effective July 1, 1999. The spouse annuity shall not be retroactive.

6 (3) The spouse annuity shall not be less than ten percent (10%)
7 of the deceased member's covered compensation at the time of death.

8 (4) In any event, as long as the surviving spouse has in her care
9 any of the deceased member's dependent children receiving a benefit provided
10 for in this section, there shall be payable to her a spouse annuity as
11 indicated in this section which shall not be less than ten percent (10%) of
12 the deceased member's compensation at the time of death.

13 (d)(1)(A) A member's dependent child or dependent children shall each
14 receive an annuity of the greater of either ten percent (10%) of the member's
15 covered compensation at the time of death or an equal share of one hundred
16 fifty dollars (\$150) monthly.

17 (B) Where there are three (3) or more dependent children,
18 each dependent child shall receive an annuity of an equal share of the greater
19 of either twenty-five percent (25%) of the covered compensation or one hundred
20 fifty dollars (\$150) monthly.

21 (2)(A) A child shall be a dependent child until his death, his
22 marriage, or his attainment of age eighteen (18), whichever occurs first.

23 (B)(i) However, the age eighteen (18) maximum shall be
24 extended as long as the child continues uninterruptedly being a full-time
25 student at an accredited secondary school, college, or university, but in no
26 event beyond his attainment of age twenty-three (23).

27 (ii) In addition, the age eighteen (18) maximum shall
28 be extended for any child who has been deemed physically or mentally
29 incompetent by an Arkansas court of competent jurisdiction, or by the Board of
30 Trustees of the Arkansas Public Employees' Retirement System, for as long as
31 the incompetency exists.

32 (3) Upon a child's ceasing to be a dependent child, his annuity
33 shall terminate, and there shall be a redetermination of the amounts payable
34 to any remaining dependent children.

35 (e) If, at the time of the member's death, there is neither a spouse
36 nor a dependent child, each dependent parent shall receive an allowance of the

1 greater of ten percent (10%) of the covered compensation or an equal share of
2 one hundred fifty dollars (\$150) monthly, but only if the board finds that the
3 parent was dependent for at least fifty percent (50%) of his financial support
4 upon the member.

5 (f)(1) If no annuity can become payable to a dependent child due to the
6 death of the member and a surviving spouse or dependent parents are the only
7 persons who will be eligible for monthly benefits and the spouse or dependent
8 parents are also the designated beneficiaries of the member, then, in that
9 event, the surviving spouse or dependent parents may elect to receive a refund
10 of the member's accumulated contributions as provided in § 24-4-602(d) in lieu
11 of any benefits which could become payable under this act.

12 (2) The option to choose a refund of the member's contributions
13 shall also be afforded to any spouse or dependent parent qualified under this
14 section whose eligibility for the benefit occurred before the passage of this
15 act and who could not exercise the option.

16 (3) Once the refund of the deceased member's accumulated
17 contributions has been made to the surviving spouse or dependent parents under
18 this section, the person shall have no future claim to monthly retirement
19 benefits due to the death of the member.

20 (g)(1) In the event that all the annuities provided for in this
21 section, payable on account of the death of a member, terminate before there
22 has been paid an aggregate amount equal to his accumulated contributions
23 standing to his credit in the members' deposit account at the time of his
24 death, the difference between the accumulated contributions and the aggregate
25 amount of annuity payments shall be paid to such person as he shall have
26 nominated by written designation duly executed and filed with the board.

27 (2) If there is no designated person surviving at termination,
28 the difference shall be paid to the member's estate.

29 (h) Annuities payable under the provisions of this section shall be
30 effective the first day of the calendar month next following the date of the
31 member's death or the first day of the month following the month in which the
32 survivor becomes eligible for benefits as provided by law.

33 (i) The provisions of this section shall not be applicable in
34 determining survivor benefits under the General Assembly Division or the State
35 Constitutional Officers' Division of the Arkansas Public Employees' Retirement
36 System if a benefit is provided to the surviving spouse by other laws

1 applicable to the system.

2

3 SECTION 34. Arkansas Code 24-4-704 is amended to read as follows:

4 24-4-704. Contributory Members of General Assembly - Eight years'
5 service before 1967 plus credit for other service.

6 (a) Any person who has eight (8) years of credited service in the
7 Arkansas Public Employees' Retirement System as a member of the General
8 Assembly prior to 1967 and two (2) or more additional years of credited
9 service in the system for service other than as a General Assembly member
10 shall be eligible to voluntarily retire at sixty-five (65) years of age and to
11 receive an annuity in the amount prescribed in the public employees'
12 retirement system law for retired General Assembly members and shall be
13 eligible to exercise any option available to General Assembly members under
14 the system.

15 (b) The surviving spouse of such person shall be entitled to survivor
16 benefits prescribed for the surviving spouse of a General Assembly member.

17

18 SECTION 35. Arkansas Code 24-4-705 is amended to read as follows:

19 24-4-705. Contributory Members of General Assembly - Voluntary
20 retirement.

21 (a)(1) An active member of the General Assembly or any person who has
22 served as a member of the General Assembly subsequent to January 1, 1957, or
23 who has qualified for coverage under the Arkansas Public Employees' Retirement
24 System with respect to service rendered as a member of the General Assembly as
25 authorized by law, or who is a member of the system as a General Assembly
26 member, or who has credited service in the system as a General Assembly member
27 of the system for service rendered as a member of the General Assembly may
28 voluntarily retire upon his written application filed with the Board of
29 Trustees of the Arkansas Public Employees' Retirement System.

30 (2) The application shall set forth at what time, not less than
31 thirty (30) days nor more than ninety (90) days subsequent to the execution
32 and filing of the application, that a person desires to retire or to receive
33 an annuity for which he is qualified under the system, if, at the time of
34 retirement or election to receive benefits, he satisfies at least one (1) of
35 the following conditions:

36 (A) Attainment of age sixty (60) with ten (10) years of

1 credited service for General Assembly service;

2 (B) Attainment of age fifty-five (55) with fourteen (14)
3 years of credited service for General Assembly service;

4 (C) Attainment of age sixty (60) with six (6) years of
5 credited service for General Assembly service and is seventy-five percent
6 (75%) disabled because of federal military service;

7 (D) Attainment of age fifty-five (55) with six (6) or more
8 years of credited service for General Assembly service, and six (6) years of
9 credited service as an elected county official, and eight (8) years of
10 credited service as a state or county employee; however, if he has fourteen
11 (14) or more years of credited service as an elected county official, eight
12 (8) years of service as a state or county employee shall not be required for
13 eligibility; or

14 (E) Attainment of age fifty (50) with eighteen (18) years
15 of credited service for General Assembly service.

16 (b) Upon his retirement, he shall receive an annuity as provided for
17 retired General Assembly members of the system.

18
19 SECTION 36. Arkansas Code 24-4-706 is amended to read as follows:

20 24-4-706. Contributory Members of General Assembly - Retirement
21 benefits generally.

22 (a) Upon a General Assembly member's retirement as provided by law, his
23 straight life annuity shall be three thousand one hundred forty-four dollars
24 (\$3,144) plus the applicable amount provided in § 24-4-610 payable in equal
25 monthly installments.

26 (b) The provisions of this section shall apply to all former, present,
27 or future members of the General Assembly, or their beneficiaries, who meet
28 the age requirements as a member of the General Assembly as provided by this
29 act or any other act establishing eligibility for credited service as a
30 General Assembly member of the Arkansas Public Employees' Retirement System.

31 (c) As provided in § 24-4-701 [repealed], the Treasurer of State is
32 authorized and directed to make annual transfers to prevent the deterioration
33 of the financial solvency of the system with respect to benefits provided
34 General Assembly members and to retirants and beneficiaries of the General
35 Assembly as provided in § 24-4-701 [repealed].

36

1 SECTION 37. Arkansas Code 24-4-707 is amended to read as follows:
2 24-4-707. Contributory Members of General Assembly - Presiding
3 officers.

4 Any person who may have served as a presiding officer of either branch
5 of the General Assembly for a period of not less than ten (10) years may be
6 eligible, upon reaching age sixty-five (65), to receive an annuity as provided
7 for in Acts 1959, No. 42, § 11A(c) [repealed], but only if the person became a
8 member of the Arkansas Public Employees' Retirement System on July 1, 1957,
9 has paid into the system all contributions required of him by law, is not a
10 member of, eligible for membership in, or receiving benefits from some other
11 state-supported retirement system other than social security, and is not at
12 the time of retirement employed by a public employer in this state.

13

14 SECTION 38. Arkansas Code 24-4-710 is amended to read as follows:

15 24-4-710. Contributory Credited service for General Assembly members
16 and state constitutional officers dying in office - Surviving spouse benefits.

17 (a) Any member of the General Assembly or a state constitutional
18 officer who dies before completing a term of office to which the person was
19 elected shall continue to accrue credited service in the Arkansas Public
20 Employees' Retirement System during the remainder of the term for which the
21 person was elected.

22 (b) The surviving spouse of a member or former member of the General
23 Assembly or of a state constitutional officer or former state constitutional
24 officer who, by virtue of the provisions of this section or any other law, has
25 five (5) years or more of credited service in any capacity in the system,
26 except for members of the General Assembly who must have had ten (10) or more
27 years of credited service if they only have service as a member of the General
28 Assembly, shall be entitled upon reaching the required age to a surviving
29 spouse benefit in the amount prescribed by law under the division of the
30 system in which the deceased member was receiving benefits or would have been
31 entitled under this section to receive benefits if the member had lived to
32 retirement age.

33 (c) Nothing contained in this section is intended to, nor shall
34 anything in this section be construed to, permit any member or former member
35 of the General Assembly or any constitutional officer or former constitutional
36 officer or any spouse of such member or officer to earn credited service in

1 any retirement system after the expiration of the term of office to which the
2 member was elected.

3

4 SECTION 39. Arkansas Code 24-4-712 is amended to read as follows:

5 24-4-712. Contributory Governor.

6 (a)(1) Any person who serves two (2) full two-year terms as Governor or
7 who substantially serves two (2) terms as Governor with the exception of
8 completing a portion or all of the last month of the second term by reason of
9 vacating the office solely for the purpose of taking another office to which
10 the person is elected and who accumulates not less than three (3) years and
11 eleven (11) months of credited service under the Arkansas Public Employees'
12 Retirement System may retire upon reaching fifty-five (55) years of age under
13 the provisions of the system with an annuity equal to eighteen percent (18%)
14 of the biennial salary prescribed for the Governor.

15 (2) Any person who serves as Governor for three (3) full two-year
16 terms and who accumulates not less than six (6) years of credited service as a
17 member of the system may retire upon reaching fifty-five (55) years of age,
18 under the provisions of the system with an annuity equal to twenty-four
19 percent (24%) of the biennial salary prescribed for the Governor.

20 (3) Any person who serves as Governor for four (4) or more two-
21 year terms and accumulates not less than eight (8) years of credited service
22 as a member of the system may retire, upon reaching fifty-five (55) years of
23 age, under the provisions of the system with an annuity equal to thirty
24 percent (30%) of the biennial salary prescribed for the Governor.

25 (b)(1) Any person who served as Governor prior to July 1, 1957, may,
26 for the purpose of obtaining benefits under this section, purchase service
27 credit in the system for the period of years which the person served as
28 Governor by paying into the system an amount equal to five percent (5%) of his
29 salary received as Governor during his service, plus an equal amount as the
30 employer contribution to the system, plus interest at the rate of three
31 percent (3%) per annum.

32 (2) Any person who served as Governor after July 1, 1957, but who
33 has withdrawn his contributions to the system may, for purposes of obtaining
34 benefits under the provisions of this section, repay to the system the amount
35 so withdrawn with interest thereon at the rate of three percent (3%) from the
36 date withdrawn to the date of repayment.

1 (3) The purchase of service credit or repayment of withdrawn
2 contributions under this subsection must have been made on or before July 1,
3 1976.

4 (c) If the contributions made by the Governor members, together with
5 the employer contributions made in behalf of the members, are insufficient to
6 finance benefits payable to Governor members as prescribed in this section,
7 then, in that event, the Board of Trustees of the Arkansas Public Employees'
8 Retirement System shall annually certify to the Chief Fiscal Officer of the
9 State the additional amounts required to pay the benefits of the members. The
10 Chief Fiscal Officer of the State shall cause the amount so certified to be
11 transferred from the Constitutional Officers Fund and the State Central
12 Services Fund to the system to be used for paying the benefits.

13 (d) The benefits received by any member under the provisions of this
14 section shall be in lieu of any benefits to which the individual may be
15 entitled under other provisions of the system.

16
17 SECTION 40. Arkansas Code 24-4-714 is amended to read as follows:

18 24-4-714. Elected Contributory state constitutional officers generally.

19 (a)(1)(A) Any elected state constitutional officer who as a member of
20 the Arkansas Public Employees' Retirement System accumulates not less than ten
21 (10) years of credited service as an elected state constitutional officer
22 member of the system may voluntarily retire upon attaining age sixty (60) and
23 receive an annuity provided in this section upon his written application filed
24 with the Board of Trustees of the Arkansas Public Employees' Retirement
25 System.

26 (B) This application shall set forth at what time, not less
27 than thirty (30) days nor more than ninety (90) days subsequent to the
28 execution and filing thereof, he desires to be retired.

29 (2)(A) Any elected state constitutional officer who as a member
30 of the system accumulates not less than fourteen (14) years of credited
31 service as an elected state constitutional officer and is a member of the
32 system may voluntarily retire upon attaining age fifty-five (55) and receive
33 an annuity provided in this section upon his written application filed with
34 the board.

35 (B) The application shall set forth at what time, not less
36 than thirty (30) days nor more than ninety (90) days subsequent to the

1 execution and filing thereof, he desires to be retired.

2 (b) The benefits of an elected state constitutional officer shall be
3 not less than sixty-five percent (65%) of the biennial salary, but if the
4 salaries of elected state constitutional officers are altered, benefits
5 provided in this section shall be computed and determined on the basis of
6 salaries in effect for such officers on January 1, 1976.

7 (c)(1) If the contribution of the elected state constitutional officer
8 member and the employer contributions are insufficient to pay the benefits of
9 the elected state constitutional officer members, then, in that event, the
10 board shall annually certify to the Chief Fiscal Officer of the State the
11 amount sufficient to pay the deficit, based upon an actuarial determination of
12 the additional amounts required to pay benefits of elected state
13 constitutional officer members.

14 (2) The Chief Fiscal Officer of the State shall cause the amount
15 so certified to be transferred from the Constitutional Officers Fund and the
16 State Central Services Fund to the system.

17 (d) As used in this section, "elected state constitutional officer"
18 means the Lieutenant Governor, Attorney General, Secretary of State, Auditor
19 of State, Treasurer of State, and Commissioner of State Lands.

20 (e) Nothing in this section shall prohibit the Lieutenant Governor from
21 exercising any option provided by law to participate in benefits provided
22 members of the General Assembly. In the event an elected state constitutional
23 officer does not qualify for benefits provided elected state constitutional
24 officers under the provisions of this section, the officer shall be entitled
25 to benefits provided to other members of the system for which he is qualified,
26 in terms of age and service, as provided by law.

27
28 SECTION 47. Arkansas Code 24-4-727 is amended to read as follows:

29 24-4-727. War Memorial Stadium Commission employees.

30 (a) The Board of Trustees of the Arkansas Public Employees' Retirement
31 System is directed to include within the membership of the Arkansas Public
32 Employees' Retirement System, as created by ~~§§ 24-4-101, 24-4-105, 24-4-201,~~
33 ~~24-4-202, 24-4-205, 24-4-207, 24-4-209, 24-4-301, 24-4-304, 24-4-401, 24-4-~~
34 ~~402, 24-4-507, 24-4-508, 24-4-510, 24-4-513, 24-4-601, 24-4-603, 24-4-605,~~
35 ~~and 24-4-606~~ this chapter, all employees of the War Memorial Stadium
36 Commission who are not members of, or eligible for membership in, some other

1 state-supported retirement system other than social security.

2 (b)(1) The effective date of membership of the employees in the
3 retirement system shall be July 1, 1969. All the employees enrolled in the
4 system shall be subject to the rights, privileges, and limitations prescribed
5 in ~~§§ 24-4-101—24-4-105, 24-4-201, 24-4-202, 24-4-205, 24-4-207—24-4-209,~~
6 ~~24-4-301—24-4-304, 24-4-401, 24-4-402, 24-4-507, 24-4-508, 24-4-510—24-4-~~
7 ~~513, 24-4-601—24-4-603, 24-4-605, and 24-4-606~~ this chapter.

8 (2) Every such employee shall become a member of the system as a
9 condition of continuing or obtaining employment with the commission.

10 (c) Any employee included within the membership of the retirement
11 system pursuant to this section shall be given credit for service rendered
12 prior to July 1, 1957, as an employee of a public employer, as defined in §
13 24-4-101, or as an employee of the commission, if the employee was so employed
14 on July 1, 1957, and on July 1, 1969.

15 (d)(1)(A) Any employee included within the membership of the retirement
16 system by this section who was an employee of the commission on July 1, 1969,
17 may apply for and receive current service credit for service rendered the
18 commission from July 1, 1957, to July 1, 1969.

19 (B) The employee shall receive credit only if the employee
20 pays, or causes to be paid, to the Arkansas Public Employees' Retirement
21 System Fund all necessary contributions, at the rate of four percent (4%) for
22 the employee and four percent (4%) for the employer from July 1, 1957, to July
23 1, 1967, and at the rate of four percent (4%) for the employee and five
24 percent (5%) for the employer from July 1, 1967, to July 1, 1969, that would
25 have been paid had the employee been a member of the system during that time.

26 (2) Interest at the rate of four percent (4%) per annum
27 compounded annually from July 1, 1957, shall be paid on all contributions,
28 which shall be paid in full on or before July 1, 1970.

29 (e) The commission shall pay into the fund such sums of money as are
30 necessary to match the contributions of its employees in the same form and
31 manner as other public employers and shall be subject to all the provisions of
32 ~~§§ 24-4-101—24-4-105, 24-4-201, 24-4-202, 24-4-205, 24-4-207—24-4-209, 24-~~
33 ~~4-301—24-4-304, 24-4-401, 24-4-402, 24-4-507, 24-4-508, 24-4-510—24-4-513,~~
34 ~~24-4-601—24-4-603, 24-4-605, and 24-4-606~~ this chapter, to the same extent
35 as other public employers.

36 (f)(1) The payments received by the system under subsection (e) of this

1 section shall be credited to the applicable employers' accumulation account.

2 (2) The employee payments shall be credited to the member's
3 individual account in the members' deposit account.

4
5 SECTION 42. Arkansas Code 24-4-729 is amended to read as follows:

6 24-4-729. Conservation district employees.

7 (a) The Board of Trustees of the Arkansas Public Employees' Retirement
8 System is directed to include within the membership of the Arkansas Public
9 Employees' Retirement System, as created by §§ ~~24-4-101—24-4-105, 24-4-201,~~
10 ~~24-4-202, 24-4-205, 24-4-207—24-4-209, 24-4-301—24-4-304, 24-4-401, 24-4-~~
11 ~~402, 24-4-507, 24-4-508, 24-4-510—24-4-513, 24-4-601—24-4-603, 24-4-605,~~
12 ~~and 24-4-606~~ this chapter, as amended, all employees of conservation districts
13 organized and operating under the provisions of §§ ~~24-4-101—24-4-105, 24-4-~~
14 ~~201, 24-4-202, 24-4-205, 24-4-207—24-4-209, 24-4-301—24-4-304, 24-4-401,~~
15 ~~24-4-402, 24-4-507, 24-4-508, 24-4-510—24-4-513, 24-4-601—24-4-603, 24-4-~~
16 ~~605, and 24-4-606~~ this chapter.

17 (b)(1)(A) The effective date of membership of the employees in the
18 system shall be July 1, 1973.

19 (B) The employees enrolled in the system shall be subject
20 to the rights, privileges, and limitations prescribed in §§ ~~24-4-101—24-4-~~
21 ~~105, 24-4-201, 24-4-202, 24-4-205, 24-4-207—24-4-209, 24-4-301—24-4-304,~~
22 ~~24-4-401, 24-4-402, 24-4-507, 24-4-508, 24-4-510—24-4-513, 24-4-601—24-4-~~
23 ~~603, 24-4-605, and 24-4-606~~ this chapter.

24 (2) Every such employee shall become a member of the system as a
25 condition of continuing or obtaining employment with any conservation
26 district.

27 (c) Any employee included within the membership of the system pursuant
28 to this section shall be given credit for service rendered prior to July 1,
29 1957, as an employee of a public employer, as defined in § 24-4-101, or as an
30 employee of a conservation district organized and operating under §§ ~~24-4-101~~
31 ~~—24-4-105, 24-4-201, 24-4-202, 24-4-205, 24-4-207—24-4-209, 24-4-301—24-~~
32 ~~4-304, 24-4-401, 24-4-402, 24-4-507, 24-4-508, 24-4-510—24-4-513, 24-4-601—~~
33 ~~24-4-603, 24-4-605, and 24-4-606~~ this chapter, if the employee was so employed
34 on July 1, 1957, and on July 1, 1973.

35 (d)(1)(A) Any employee included within the membership of the system by
36 this section who is an employee of a conservation district on July 1, 1973,

1 may apply for and receive current service credit for service rendered as an
 2 employee of a public employer, as defined in § 24-4-101, or as an employee of
 3 a conservation district from July 1, 1957, to July 1, 1973.

4 (B) The employee shall receive credit only if the employee
 5 pays, or causes to be paid, to the Arkansas Public Employees' Retirement
 6 System Fund all necessary contributions, at the rate of four percent (4%) for
 7 the employee and four percent (4%) for the employer from July 1, 1957, to July
 8 1, 1967, four percent (4%) for the employee and five percent (5%) for the
 9 employer from July 1, 1967, to July 1, 1969, and five percent (5%) for the
 10 employee and seven percent (7%) for the employer from July 1, 1969, to July 1,
 11 1973, that would have been paid had the employee been a member of the system
 12 during that time.

13 (2) Interest at the rate of four percent (4%) per annum
 14 compounded annually from July 1, 1957, shall be paid on all contributions,
 15 which shall be paid in full on or before July 1, 1974.

16 (e) Each conservation district shall pay into the fund such sums of
 17 money as are necessary to match the contributions of its employees in the same
 18 form and manner as other public employers and shall be subject to all the
 19 provisions of ~~§§ 24-4-101, 24-4-105, 24-4-201, 24-4-202, 24-4-205, 24-4-207,~~
 20 ~~24-4-209, 24-4-301, 24-4-304, 24-4-401, 24-4-402, 24-4-507, 24-4-508, 24-4-~~
 21 ~~510, 24-4-513, 24-4-601, 24-4-603, 24-4-605, and 24-4-606~~ this chapter, to
 22 the same extent as other public employers.

23
 24 SECTION 43. Arkansas Code 24-4-732(a), concerning early retirement
 25 incentives for certain employees of state agencies, is amended to read as
 26 follows:

27 (a) In addition to the provisions of ~~§§ 24-4-601, 24-4-603, 24-4-605,~~
 28 ~~and 24-4-606~~ subchapter 6 of this chapter:

29 (1)(A) A state employee who is an active member of the Arkansas
 30 Public Employees' Retirement System on March 12, 1987, and who is vested for a
 31 full age and service annuity and who has credit in the system for three (3)
 32 consecutive actual years of service with the State of Arkansas immediately
 33 prior to his retirement date, may choose two (2) of the retirement incentives
 34 from subdivisions (a)(1)(B)-(E) of this section, provided he retires during
 35 the period beginning with March 12, 1987, through January 1, 1988, inclusive.
 36 However, an employee who participates in this retirement incentive program is

1 not eligible to accept further employment in which the state is the employer.

2 (B)(i) In addition to his regular annuity, the system will
3 pay the cost of the employee's health and basic life insurance which he is
4 eligible to continue as a retirant with the State Employees Group Insurance
5 Plan.

6 (ii) This payment is to be for the retirant's
7 coverage only and is to be paid from the date of his retirement until the
8 retirant's death.

9 (C) For the purpose of computing the state employee
10 member's annuity, his highest annual salary will be substituted for his final
11 average compensation.

12 (D) For the purpose of computing the state employee
13 member's annuity, he will receive additional service credit equal to ten
14 percent (10%) of his existing service credit.

15 (E)(i) A state employee member may receive a retirement
16 bonus which is a lump sum payment equal to ten percent (10%) of the final
17 annual salary of the employee not to exceed five thousand dollars (\$5,000).

18 (ii) The retirement bonus shall be paid from the
19 contingency reserve fund of the Arkansas Public Employees' Retirement System
20 ~~as defined in § 24-3-216(a)(3);~~

21 (2)(A) A state employee who is an active member of the system on
22 March 12, 1987, and who has credit in the system for three (3) consecutive
23 actual years of service with the State of Arkansas immediately prior to his
24 retirement date and who has credit for not less than ten (10) actual years of
25 service and has attained age fifty-five (55), or has credit for not less than
26 twenty-eight (28) actual years of service regardless of age may choose two (2)
27 of the retirement incentives from subdivisions (a)(2)(B)-(F) of this section,
28 provided he retires during the period beginning with March 12, 1987, through
29 January 1, 1988, inclusive. However, an employee who participates in this
30 retirement incentive program is not eligible to accept further employment in
31 which the state is the employer.

32 (B)(i) The system will pay the cost of the state employee's
33 health and basic life insurance which he is eligible to continue as a retirant
34 with the State Employees Group Insurance Plan.

35 (ii) The payment is to be for the retirant's coverage
36 only and is to be paid from the date of his retirement until the retirant has

1 attained age sixty-five (65).

2 (C) For the purpose of computing the state employee
3 member's annuity, his highest annual salary will be substituted for his final
4 average compensation.

5 (D) If the state employee member is within two (2) years of
6 his full annuity age and if he is eligible for an early reduced annuity as
7 provided by § 24-4-510~~(e)~~ or he is within two (2) years of having thirty (30)
8 years' actual credited service, then his annuity will not be reduced because
9 of early retirement.

10 (E) If the state employee member is within two (2) years of
11 attaining the service requirement for a full annuity and has attained his full
12 annuity age as provided by ~~§ 24-4-510(a)~~ § 24-4-508 or is within two (2) years
13 of having thirty (30) years' actual credited service, then his annuity will
14 not be reduced because of early retirement.

15 (F)(i) A state employee member may receive a retirement
16 bonus which is a lump sum payment equal to ten percent (10%) of the final
17 annual salary of the employee not to exceed five thousand dollars (\$5,000).

18 (ii) The retirement bonus shall be paid from the
19 contingency reserve fund of the Arkansas Public Employees' Retirement System
20 ~~as defined in § 24-3-216(a)(3)~~;

21 (3) Any employee of a state agency who is, on April 8, 1987, an
22 active member of the Arkansas Teacher Retirement System and who is not a
23 member of the Arkansas Public Employees' Retirement System but who would
24 otherwise qualify to retire before January 1, 1988, under the requirements of
25 the Early Retirement Incentive Law of 1987, may elect to become a member, and
26 his credited service in the Arkansas Teacher Retirement System will be
27 transferred to the Arkansas Public Employees' Retirement System, subject to
28 the following conditions:

29 (A) The employee shall make the election on a form to be
30 furnished by the Arkansas Public Employees' Retirement System, and the
31 transfer shall become effective on the date of retirement;

32 (B) The Arkansas Teacher Retirement System shall certify to
33 the Arkansas Public Employees' Retirement System a record of the employee's
34 service credit in the Arkansas Teacher Retirement System; and

35 (C)(i) The employee shall retire under the noncontributory
36 provisions of § 24-3-216 [Repealed], if, at the time of the transfer the

1 member was a noncontributory member of the Arkansas Teacher Retirement System
2 and shall be entitled to a refund of employee contributions made in the
3 Arkansas Teacher Retirement System since January 1, 1978.

4 (ii) If, at the time of the transfer, the member was
5 a contributory member of the Arkansas Teacher Retirement System, then the
6 employee shall retire under the contributory provisions of subdivisions (a)(1)
7 and (2) of this section;

8 (4)(A) The Arkansas Public Employees' Retirement System shall pay
9 monthly benefits to any employee covered by this section who elects to
10 transfer from the Arkansas Teacher Retirement System for purposes of retiring
11 under this section.

12 (B) The Arkansas Public Employees' Retirement System shall
13 certify monthly the amount of benefits paid hereunder and the Arkansas Teacher
14 Retirement System shall immediately transfer the amount from their benefit
15 account to the proper account designated by the Arkansas Public Employees'
16 Retirement System; and

17 (5)(A) For those state employees who retire pursuant to the
18 provisions of this section, the amount paid by the State Division of the
19 Arkansas Public Employees' Retirement System as the cost of the employee's
20 health and basic life insurance shall not exceed the amount of the employer's
21 contribution for the coverage on the date of the employee's retirement and may
22 be reduced at the time the employee qualifies under medicare or medicaid
23 programs.

24 (B) Any future increase in the cost of this coverage shall
25 be borne by the employee and not by the system from which the employee
26 retired.

27

28 SECTION 44. Arkansas Code 24-4-733(a), concerning early retirement
29 incentives for certain county employees, is amended to read as follows:

30 (a) In addition to the provisions of ~~§§ 24-4-601—24-4-603 and 24-4-~~
31 ~~605—24-4-607~~ subchapter 6 of this chapter:

32 (1)(A) A county employee who is an active member of the County
33 Division of the Arkansas Public Employees' Retirement System on April 7, 1987,
34 and who is vested for a full age and service annuity and who has credit in the
35 system for three (3) consecutive actual years of service with the county
36 immediately prior to his retirement date may choose two (2) of the retirement

1 incentives from subdivisions (a)(1)(B)-(D) of this section, provided he
2 retires during the period beginning with April 7, 1987, through January 1,
3 1988, inclusive. Provided further, an employee who participates in this
4 retirement incentive program is not eligible to accept further employment in
5 which the county or any other county is the employer.

6 (B) For the purpose of computing the county employee
7 member's annuity, his highest annual salary will be substituted for his final
8 average compensation.

9 (C) For the purpose of computing the county employee
10 member's annuity, he will receive additional service credit equal to ten
11 percent (10%) of his existing service credit.

12 (D)(i) A county employee member may receive a retirement
13 bonus which is a lump-sum payment equal to ten percent (10%) of the final
14 annual salary of the employee not to exceed five thousand dollars (\$5,000).

15 (ii) The retirement bonus shall be paid from the
16 contingency reserve fund of the Arkansas Public Employees' Retirement System;

17 (2)(A) A county employee who is an active member of the county
18 division of the system on April 7, 1987, and who has credit in the system for
19 three (3) consecutive actual years of service with the county immediately
20 prior to his retirement date and who has credit for not less than ten (10)
21 actual years of service and has attained the age of fifty-five (55) or has
22 credit for not less than twenty-eight (28) actual years of service regardless
23 of age may choose two (2) of the retirement incentives from subdivisions
24 (a)(2)(B)-(E) of this section, provided he retires during the period beginning
25 with April 7, 1987, through January 1, 1988, inclusive. Provided further, an
26 employee who participates in this retirement incentive program is not eligible
27 to accept further employment in which the county or any other county is the
28 employer.

29 (B) For the purpose of computing the county employee
30 member's annuity, his highest annual salary will be substituted for his final
31 average compensation.

32 (C) If the county employee member is within two (2) years
33 of his full annuity age and if he is eligible for an early reduced annuity as
34 provided by § 24-4-510~~(e)~~ or he is within two (2) years of having thirty (30)
35 years' actual credited service, then his annuity will not be reduced because
36 of early retirement.

1 (D) If the county employee member is within two (2) years
2 of attaining the service requirement for a full annuity and has attained his
3 full annuity age as provided by § 24-4-508(a) and (b) or is within two (2)
4 years of having thirty (30) years' actual credited service, then his annuity
5 will not be reduced because of early retirement.

6 (E)(i) A county employee member may receive a retirement
7 bonus which is a lump sum payment equal to ten percent (10%) of the final
8 annual salary of the employee not to exceed five thousand dollars (\$5,000).

9 (ii) The retirement bonus shall be paid from the
10 contingency reserve fund of the Arkansas Public Employees' Retirement System.

11
12 SECTION 45. Arkansas Code 24-4-741 is amended to read as follows:

13 24-4-741. Credit for service in a reciprocal system.

14 Notwithstanding the provisions of ~~§ 24-3-206~~ § 24-4-510 regarding total
15 credited service in reciprocal retirement systems, both service in the
16 Arkansas Public Employees' Retirement System as a member of the Arkansas State
17 Claims Commission and service in another reciprocal system during the same
18 period of time may be counted as credited service to meet the service
19 requirements for benefits from the Arkansas Public Employees' Retirement
20 System and another reciprocal system, subject to the following:

21 (1) The provisions of ~~§ 24-3-301~~ § 24-4-521 may not be used to
22 meet the minimum service requirements;

23 (2) The portion of service credit attributed under the provisions
24 of this section shall not be used to determine a member's retirement
25 eligibility or the member's normal retirement age under ~~§ 24-3-102~~ § 24-4-101;

26 (3) The benefit payable by a reciprocal system will be based on
27 the credited service in that system and on the final average compensation
28 under that system; and

29 (4) If a member has less than five (5) actual years of service
30 credited in a reciprocal system, then "final average ~~pay~~ compensation " means
31 the monthly average of pay to him during his total years of service in that
32 system.

33
34 SECTION 46. Arkansas Code 24-4-742 is amended to read as follows:

35 24-4-742. Credit for service with public facilities board, rural
36 waterworks facilities board, regional solid waste management board, joint

1 county and municipal sanitation authority, ~~or~~ regional water distribution
2 board, public rehabilitation services corporation, or other local unit of
3 government.

4 (a) Any full-time employee of a public facilities board, rural
5 waterworks facilities board, regional solid waste management board, joint
6 county and municipal sanitation authority, ~~or~~ regional water distribution
7 board, public rehabilitation services corporation, or other local unit of
8 government enrolled in the Arkansas Public Employees' Retirement System
9 pursuant to this act who is a full-time employee of a participating public
10 facilities board, regional solid waste management board, joint county and
11 municipal sanitation authority, ~~or~~ regional water distribution board, public
12 rehabilitation services corporation, or other local unit of government in this
13 state on the date his employer became, or becomes, a public employer in the
14 system may apply for and receive current service credit for service rendered
15 as a full-time employee of the public facilities board, regional solid waste
16 management board, joint county and municipal sanitation authority, ~~or~~ regional
17 water distribution board, public rehabilitation services corporation, or other
18 local unit of government.

19 (b) The employee shall receive credit only if the employee or employer
20 pays, or causes to be paid, to the Arkansas Public Employees' Retirement
21 System Fund all necessary employee contributions at the rate and on the
22 compensation that would have been paid had he been a member during that time,
23 all employer contributions based on the employer normal cost from the most
24 recently completed regular annual actuarial valuation and the compensation
25 that would have been paid had he been a member during that time, and regular
26 interest on the employee and employer contributions computed from the date the
27 service was rendered to the date the payment is received by the system.

28 (c) The employer's contributions and employees' contributions, if
29 applicable, shall be transmitted to the system in the form and manner,
30 together with the supporting data, as the board shall prescribe from time to
31 time.

32 (d) The governing body of any public facilities board, rural waterworks
33 facilities board, regional solid waste management board, joint county and
34 municipal sanitation authority, ~~or~~ regional water distribution board, public
35 rehabilitation services corporation, or other local unit of government
36 electing to include the full-time employees of the board within the membership

1 of the system may pay the employer contributions and employee contributions,
2 if applicable, on behalf of employees for services rendered.

3
4 SECTION 47. Arkansas Code 24-4-746 is amended to read as follows:

5 24-4-746. Authority to promulgate rules.

6 The Board of Trustees of the Arkansas Public Employees' Retirement
7 System shall have the authority to promulgate such rules and regulations as
8 are necessary to provide for the participation of employers defined as public
9 rehabilitative services corporations, or other local units of government under
10 the provisions of § 4-34-101 and such local units of government as are
11 provided for under the Arkansas Code. Provided, however, the board shall not
12 admit or retain any employer whose participation in the Arkansas Public
13 Employees' Retirement System would jeopardize the tax-qualified status of the
14 plan under the Internal Revenue Code or that would subject the plan to
15 additional federal requirements, or to any other consequence that the board
16 would determine to be detrimental to the system.

17
18 SECTION 48. Arkansas Code 24-4-801(a), concerning participation in the
19 Deferred Retirement Option Plan, is amended to read as follows:

20 (a) In lieu of terminating employment and accepting a retirement
21 benefit under the Arkansas Public Employees' Retirement System pursuant to §§
22 24-2-101 et seq. and ~~24-3-101~~ 24-4-101 et seq., any person who is a member of
23 the system and who meets the conditions specified in subsection (b) of this
24 section may elect to participate in the Arkansas Public Employees' Retirement
25 System Deferred Retirement Option Plan and to defer the receipt of retirement
26 benefits in accordance with the provisions of this subchapter.

27
28 SECTION 49. Arkansas Code 24-4-802(b), concerning eligibility, is
29 amended to read as follows:

30 (b)(1) A member who elects participation in the plan may elect one (1)
31 of the annuity options provided in ~~§ 24-3-203~~ § 24-4-606.

32 (2) The election shall be deemed to apply to the member's
33 deferred retirement option plan benefit as well as to the member's monthly
34 retirement benefit from the system at the time it becomes payable.

35
36 SECTION 50. Arkansas Code 24-4-803(a)(1), concerning the amount of

1 benefit, is amended to read as follows:

2 (a)(1) The member's deferred benefit shall be the monthly benefit to
3 which the member would have been entitled if the member had thirty (30) years
4 of service and had actually retired on the member's deferred retirement option
5 date with regard to the provisions of ~~§ 24-3-203~~ § 24-4-606 related to annuity
6 options.

7

8 SECTION 51. Arkansas Code 24-4-804 is amended to read as follows:

9 24-4-804. Cessation of participation.

10 (a) The member's participation in the Arkansas Public Employees'
11 Retirement System Deferred Retirement Option Plan shall cease at the time the
12 member separates from service ~~and is granted a monthly retirement benefit by~~
13 ~~the Board of Trustees of the Arkansas Public Employees' Retirement System.~~

14 (b)(1)(A) When the member's participation in the plan ceases, the
15 member ~~may~~ shall elect to receive the balance in the deferred option account
16 as either a lump sum or as a monthly benefit paid in the form elected by the
17 member for payment of the deferred retirement benefit.

18 (B) The board shall determine factors to be used for the
19 conversion of deferred option account balances to monthly amounts.

20 (2) Furthermore, when the member's participation in the plan
21 ceases, the board shall cause the member's annuity benefit to be paid directly
22 to the member in the form of regular monthly amounts in the same amount and
23 manner as would have been the case if the member had retired on the deferred
24 retirement option date and had made the same election pursuant to ~~§ 24-3-203~~ §
25 24-4-606 that was made on or before the deferred retirement option date.

26

27 SECTION 52. Arkansas Code 24-4-805(b), concerning death or disability,
28 is amended to read as follows:

29 (b) In the event that a plan participant applies for benefits from the
30 system pursuant to ~~§ 24-3-208~~ § 24-4-511 related to disability retirement, the
31 application shall be treated as an application for voluntary retirement
32 pursuant to ~~§ 24-3-201~~ § 24-4-601 and no benefits other than those that would
33 be payable without regard to the disability shall become payable.

34

35 SECTION 53. Arkansas Code Title 24, Chapter 4 is amended to add the
36 following additional sections:

1 24-4-901. Credited service - Reciprocity.

2 (a)(1) Upon the retirement of a member whose credited service results
3 from employment covered by:

4 (A) The Arkansas Public Employees' Retirement System;

5 (B) The Arkansas State Police Retirement System;

6 (C) The Arkansas Teacher Retirement System

7 (D) The Arkansas State Highway Employees' Retirement

8 System;

9 (E) The Arkansas Judicial Retirement System;

10 (F) An alternate retirement plan under Title 24, Chapter 8
11 or Chapter 9; or

12 (G) The Arkansas Local Police and Fire Retirement System,
13 the amount of his annuity shall be based upon his total credited service in
14 force at the time of his retirement, exclusive of any minimums.

15 (2) Each retirement system shall be responsible financially for
16 only that portion of the annuity based upon the credited service in the plan
17 or system.

18 (3)(A) The final average compensation on which benefits shall be
19 determined shall be based on the period of total credited service for:

20 (i) The Arkansas Public Employees' Retirement System;

21 (ii) The Arkansas State Police Retirement System;

22 (iii) The Arkansas Teacher Retirement System;

23 (iv) The Arkansas State Highway Employees' Retirement

24 System; and

25 (v) The Arkansas Local Police and Fire Retirement
26 System, with each plan or system computing the final average compensation by
27 the method as determined by its laws.

28 (B) Compensation for credited service in the Arkansas
29 Judicial Retirement System or an alternate retirement plan under Title 24,
30 Chapter 8 or Chapter 9 shall not be used to determine final average
31 compensation.

32 (4) The final average compensation for persons receiving benefits
33 from the Arkansas State Highway Employees' Retirement System shall be based on
34 the final average compensation at the date of termination of employment
35 covered by that system.

36 (5) The benefit program to be applied to each portion of credited

1 service shall be the benefit program in effect in each plan or system at the
2 time of retirement.

3 (b)(1) Upon the retirement on disability or death-in-service of a
4 member of either:

5 (A) The Arkansas Public Employees' Retirement System;

6 (B) The Arkansas Teacher Retirement System;

7 (C) The Arkansas State Highway Employees' Retirement

8 System;

9 (D) The Arkansas Judicial Retirement System;

10 (E) The State Police Retirement System;

11 (F) An alternate retirement plan under Title 24, Chapter 8
12 or Chapter 9; or

13 (G) The Arkansas Local Police and Fire Retirement System,
14 who has credited service in more than one (1) of the plans, an annuity shall
15 be payable based upon his total credited service with all systems in force at
16 the time of retirement, with each system being responsible for the payment of
17 such disability or death-in-service benefits as are provided by the applicable
18 provisions of each system's laws or plan's provisions.

19 (2) If the greatest benefit payable to a survivor is a minimum
20 percentage of the deceased member's final pay or a minimum dollar amount, then
21 each reciprocal system that has a minimum benefit provision in its plan shall
22 only pay a proportionate share of the minimum amount based on the ratio of
23 service in the system to the total service in all reciprocal systems.

24 (3) A member who dies in service while a member of one (1)
25 reciprocal system shall be considered as currently employed by all systems in
26 which the member has credited service at the time of death.

27 (4) If a member has service credit in an alternate retirement
28 plan under Title 24, Chapter 8 or Chapter 9, disability and death-in-service
29 benefits shall be contingent on provision of those benefits having been
30 provided by the alternate retirement plan and having been selected by the
31 member as a benefit.

32 (c) Any person retiring on or after July 1, 1982, with credited service
33 in more than one (1) reciprocal system shall have his benefits recomputed
34 based on the provisions of this section.

35 (d) It is the intent of this section to provide reciprocal service
36 credits, as provided by §§ 24-2-401 - 24-2-405, between contributory and

1 noncontributory members of:

2 (1) The Arkansas Public Employees' Retirement System;

3 (2) The Arkansas Teacher Retirement System;

4 (3) The Arkansas Judicial Retirement System;

5 (4) The Arkansas State Highway Employees' Retirement System;

6 (5) The State Police Retirement System;

7 (6) An alternate retirement plan for a college, university, or
8 the Department of Higher Education provided for under Title 24, Chapter 8 or
9 for a vocational-technical school or the Department of Workforce Education
10 provided for under Title 24, Chapter 9; and

11 (7) The Arkansas Local Police and Fire Retirement System.

12 (e) A member of the Arkansas Public Employees' Retirement System who is
13 receiving a retirement annuity from another reciprocal system as defined in
14 subsection (d) of this section shall not be eligible to use the reciprocal
15 provisions of this section or the reciprocal provisions of §§ 24-2-401 - 24-2-
16 405 to determine the benefit payable by the Arkansas Public Employees'
17 Retirement System.

18
19 24-4-1001. Determination of benefits for wildlife officers -
20 Responsibility for additional costs.

21 (a) For purposes of determining benefits under this chapter, all
22 credited service, whenever earned, of persons employed as wildlife officers of
23 the Arkansas State Game and Fish Commission on July 4, 1983, and of persons
24 thereafter employed in such positions prior to July 1, 1997, shall be treated
25 as public safety member service.

26 (b) The additional cost to the system of this section shall be the
27 responsibility of the commission, and the commission shall pay to the system
28 an additional twelve percent (12%) of covered payroll at the same time as
29 employer contributions are paid by law for other commission employees.

30 (c) It is the specific intent of this section to provide that the
31 twelve percent (12%) contribution referenced in subsection (b) of this section
32 shall be in addition to those required by § 24-2-701(c).

33 (d)(1) Any person who is covered on July 3, 1989, by a state-supported
34 retirement system and who was a member of the system on July 4, 1983, in a
35 position defined by the system as "public safety member" shall receive credit
36 for public safety member service for any service as a wildlife officer with

1 the commission, which service was rendered before July 4, 1983.

2 (2) Provided, the additional cost to the system shall be the
3 responsibility of the member, and he shall pay to the system any additional
4 cost, as computed by actuarial determination.

5
6 24-4-1002. Benefit provisions - Subjection of annuity rights to process
7 of law.

8 (a) The right of a person to an annuity, to the return of accumulated
9 contributions, the annuity itself, any annuity option, any other right accrued
10 or accruing under the provisions of Chapter 4 of Title 24, and all moneys
11 belonging to a plan shall not be subject to execution, garnishment,
12 attachment, the operation of bankruptcy or insolvency laws or any other
13 process of law whatsoever and shall be unassignable, except as is specifically
14 provided in this chapter.

15 (b) An employer shall have the right of setoff for any claim arising
16 from embezzlement by or fraud of a member, retiree, or beneficiary.

17
18 24-4-1003. Benefit provisions - Inspection of records.

19 Any and all records kept by an Arkansas public retirement system,
20 whether required to be kept by law or board policy, shall be open to public
21 inspection as provided in § 25-19-105, except that individual member's records
22 which are kept for the purpose of compiling information for the member's
23 retirement or social security records shall not be open to the public.

24
25 SECTION 54. Arkansas Code 24-6-201 is amended to read as follows:

26 24-6-201. Definitions.

27 As used in this subchapter, unless the context otherwise requires:

28 (1) "Accumulated contributions" means the sum of all amounts
29 deducted from the salaries of a member and credited to his individual account
30 in the members' deposit account, together with regular interest credited
31 thereon;

32 (2) "Beneficiary" means any person, except a retiree, who is in
33 receipt of, or who is entitled to receive, a pension or other benefit payable
34 from funds of the system;

35 (3) "Board" means the Board of Trustees of the State Police
36 Retirement System;

1 (4) "Contributory member" is a state police officer who was a
2 member of the system prior to January 1, 1978, and who continues to contribute
3 six percent (6%) of his compensation to the system;

4 ~~(4)(5)~~ "Credited service" means the service credited a member by
5 the board to the extent provided in this subchapter;

6 ~~(5)(6)~~ "Department" means the Department of Arkansas State
7 Police;

8 ~~(6)(7)~~ "Director" means the Director of the Department of
9 Arkansas State Police;

10 ~~(7)(8)(A)~~ "Final average ~~salary~~ compensation" for contributory
11 service means the average of the annual salaries paid a member for the three
12 (3) years of credited service rendered by him immediately preceding his last
13 termination of employment with the department, but the final average ~~salary~~
14 compensation shall not exceed that of the highest permanent rank.

15 (B) "Final average compensation" for Tier I noncontributory
16 service means the average of the highest annual compensation paid a member
17 during any period of sixty (60) calendar months of credited service with the
18 Department of Arkansas State Police. Should a member have less than sixty
19 (60) calendar months of credited service, "final average compensation" means
20 the monthly average paid to him during his total years of credited service;

21 ~~(8)(9)~~ "Member" means any state police officer who is included in
22 the membership of the system;

23 (10) "Noncontributory member" is a state police officer who does
24 not contribute a portion of his compensation to the system;

25 ~~(9)(11)(A)~~ "Pension" means an annual amount payable from funds of
26 the system throughout the life of a person.

27 (B) All pensions shall be paid in equal monthly
28 installments;

29 ~~(10)(12)~~ "Pension reserve" means the present value of a pension
30 computed upon the basis of such mortality and other tables of experience, and
31 regular interest, as the board, from time to time, may adopt;

32 (13)(A) "Public safety member" means a state police officer in
33 the State Police Retirement System who is a Tier I noncontributory member.

34 (B) Employment as a public safety member shall be credited
35 at one and one-half (1 1/2) times the regular rate for crediting service;

36 ~~(11)(14)~~ "Regular interest" means such rates of interest per

1 annum, compounded annually, as the board, from time to time, shall prescribe;

2 ~~(12)~~(15) "Retirant" means any member who retires with a pension
3 payable from funds of the system;

4 ~~(13)~~(16) "Retirement" means a member's withdrawal from the employ
5 of the department with a pension payable from funds of the system;

6 ~~(14)~~(17)(A) "Salary" means the compensation paid a member for
7 service rendered by him as a state police officer.

8 (B) In no case shall the term "salary" include
9 reimbursement for lodging, meals, or travel expenses;

10 ~~(15)~~(18) "Service" means service rendered to the department by a
11 state police officer and shall include previous service, if any, rendered by
12 him as an Arkansas state ranger;

13 ~~(16)~~(19)(A) "State police officer" means any employee of the
14 Department of Arkansas State Police who holds the rank of state trooper or
15 higher rank, and it shall include the director.

16 (B) The term "state police officer" shall not include any
17 civilian employee of the department, nor shall it include any person who is
18 temporarily employed as a state trooper for an emergency.

19 (C) In any case of doubt as to who is a "state police
20 officer", the board shall decide the question; ~~and~~

21 ~~(17)~~(20) "System" means the State Police Retirement System- ;

22 (21) "Tier I" refers to covered employment for those first hired
23 on or before April 2, 1997 as provided for in subchapter 2 of chapter 6; and

24 (22) "Tier II" refers to covered employment for those first hired
25 on or after April 3, 1997 as provided for in subchapter 4 of chapter 6.

26

27 SECTION 55. Arkansas Code 24-6-208(a)(1), concerning members'
28 contributions, is amended to read as follows:

29 (a)(1)(A) The contributions of a contributory member to the State
30 Police Retirement System covered by the contributory provisions shall be nine
31 and one-fourth percent (9.25%) of his salary.

32 (B) However, no member may be required to pay more than
33 nine and one-fourth percent (9.25%) of the salary of the highest permanent
34 rank in the Department of Arkansas State Police.

35

36 SECTION 56. Arkansas Code 24-6-209(b), concerning employer's

1 contribution, is amended to read as follows:

2 (b)(1) The Director of the Department of Finance and Administration, at
3 the request of the Executive Secretary of the State Police Retirement System,
4 is authorized and directed to make annual transfers on each June 30 to the
5 State Police Retirement ~~Fund~~ System from the remainder of insurance premium
6 taxes enumerated in § 19-6-301(27) before they are transferred to General
7 Revenues enumerated in § 19-6-201(19) the amounts of money necessary to
8 amortize over a twenty-five-year period the unfunded liabilities for those
9 members not covered by the provisions of § 24-6-401 et seq.

10 (2) These transfers are intended to cover the unfunded accrued
11 actuarial liabilities of the State Police Retirement ~~Fund~~ System existing on
12 June 30, 1997, and shall not be used for the purpose of providing any benefit
13 enhancements for the State Police Retirement System.

14 (3) Members of the Tier One State Police Retirement System shall
15 not be entitled to any benefit enhancements from these transfers unless funds
16 from sources other than insurance premium taxes are found to provide for the
17 retirement benefit enhancements.

18 (4) The amount of the transfer shall be determined by computing
19 the dollar amount required based on the actuarially determined employer rate
20 in the most recent annual actuarial valuation and subtracting from that amount
21 the statutory contribution amount specified in subsection (a) of this section,
22 the court fees provided by Acts 1995, No. 1256, and the driver's license
23 reinstatement fees provided by § 27-16-808.

24

25 SECTION 57. Arkansas Code 24-6-210(a), concerning credited service, is
26 amended to read as follows:

27 (a)(1) Any member who shall become separated from the employ of the
28 Department of Arkansas State Police by reason of service in the armed forces
29 of the United States shall have the service, not to exceed a total of five (5)
30 years, credited him as department service, but only if he returns to the
31 employ of the department within one hundred eighty (180) days from and after
32 termination of the armed service required of him and if he returns to the
33 members' deposit account the amount of his accumulated contributions withdrawn
34 by him, together with regular interest from the date of withdrawal to the date
35 of repayment.

36 (2) In any case of doubt as to the period to be so credited any

1 member, the Board of Trustees of the State Police Retirement System shall have
2 the final power to determine the period.

3 (3) During the period of armed service and until his return to
4 the employ of the department, his contributions to the members' deposit
5 account shall be suspended, and his balance in the account shall be
6 accumulated at regular interest.

7 (4) The federal service so credited a member shall be excluded in
8 computing his final average ~~salary~~ compensation.

9

10 SECTION 58. Arkansas Code 24-6-212 is amended to read as follows:

11 24-6-212. Eligibility for benefits - Voluntary retirement for
12 contributory members.

13 (a)(1) Any contributory member who has acquired twenty (20) or more
14 years of credited service, or any contributory member who has attained age
15 fifty (50) and has acquired five (5) or more years of actual service, may
16 voluntarily retire upon his written application filed with the Board of
17 Trustees of the State Police Retirement System.

18 (2) This application shall set forth at what time, not less than
19 thirty (30) days nor more than ninety (90) days subsequent to the execution
20 and filing thereof, he desires to be retired.

21 (b) Upon his retirement, he shall receive a pension provided for in §
22 24-6-214.

23

24 SECTION 59. Arkansas Code 24-6-213(b), concerning disability
25 retirement, is amended to read as follows:

26 (b)(1) Upon his retirement on account of disability as provided in
27 subsection (a) of this section, a member shall receive a disability pension
28 computed according to the contributory provisions of § 24-6-214 or the
29 noncontributory provisions of § 24-6-227, as applicable.

30 (2) However, ~~his~~ a member's disability pension shall not be less
31 than twenty percent (20%) of his final average ~~salary~~ compensation and shall
32 be subject to subsections (c)-(e) of this section.

33

34 SECTION 60. Arkansas Code 24-6-214 is amended to read as follows:

35 24-6-214. Benefits generally - Contributory member.

36 (a) Upon his retirement as provided in this subchapter, a member shall

1 receive a straight life pension equal to the following sum: Two and nine
2 hundred forty-nine thousandths percent (2.949%) of his final average ~~salary~~
3 compensation multiplied by the number of years, and any fraction of a year, of
4 his credited service not to exceed twenty (20) years, plus the sum of two and
5 three hundred fifty-nine thousandths percent (2.359%) of his final average
6 ~~salary~~ compensation multiplied by the number of years, and any fraction of a
7 year, of his credited service in excess of twenty (20) years but not in excess
8 of twenty-five (25) years, plus one and eighteen hundredths percent (1.18%) of
9 his final average ~~salary~~ compensation multiplied by the number of years, and
10 any fraction of a year, of his credited service in excess of twenty-five (25)
11 years but not in excess of thirty (30) years.

12 (b)(1) In the event a member who has acquired twenty (20) years or more
13 of credited service retires prior to his attainment of age fifty (50), as
14 provided in this subchapter, his pension, as provided for in subsection (a) of
15 this section, shall be reduced one-half percent (0.5%) multiplied by the
16 number of completed months in the period from the date he requests his pension
17 to begin to the date he would have attained age fifty (50).

18 (2) In the event a member with five (5) years or more of credited
19 service in the system ceases to be employed as a state police officer prior to
20 reaching fifty (50) years of age and does not withdraw his accumulated
21 employee contributions to the State Police Retirement System, the member shall
22 be entitled to receive a pension upon reaching fifty (50) years of age,
23 computed in the same manner as the pension of other retirees under the
24 system.

25 (3) Any member may elect to withdraw his accumulated
26 contributions to the system at the time of terminating employment as a state
27 police officer and to waive any pension rights the member may have earned in
28 the system.

29
30 SECTION 67. Arkansas Code 24-6-216, concerning benefits, is amended to
31 add an additional subsection to read as follows:

32 (f) A noncontributory Tier I member may elect prior to the date his
33 first annuity payment becomes due, but not thereafter, to receive his annuity
34 as a straight life annuity or he may elect to have his annuity reduced and
35 nominate a beneficiary in accordance with the option provisions of § 24-6-408.

36

1 SECTION 62. Arkansas Code Title 24, Chapter 6, Subchapter 2 is amended
2 to add the following additional sections:

3 24-6-225. Applicability of benefit provisions.

4 (a)(1) The noncontributory benefit provisions of this chapter shall be
5 applicable to each person who has never been a member of the Arkansas State
6 Police Retirement System before January 1, 1978, and who is employed before
7 April 3, 1997, in a position covered by the Arkansas State Police Retirement
8 System and who thereby becomes a member.

9 (2)(A)(i) Each other person who was a member before January 1,
10 1978 but who was not actively employed in a position covered by the Arkansas
11 State Police Retirement System on January 1, 1978, shall become covered by the
12 non-contributory benefit provisions of this chapter at the time he first
13 becomes so employed after January 1, 1978, unless he elects to become covered
14 by the provisions of the Arkansas State Police Retirement System which require
15 member contributions. Such election must be in writing and received by the
16 governing body of the Arkansas State Police Retirement System before the later
17 of January 1, 1986, and six (6) months after he first becomes so employed
18 after January 1, 1978.

19 (ii) If the member so elects benefits requiring
20 member contributions, he shall pay the member contributions from the date of
21 such employment, together with regular interest, from the dates the
22 contributions would normally have been received by the Arkansas State Police
23 Retirement System to the dates of actual payment.

24 (B)(i) The benefits of each member's becoming covered by
25 the noncontributory benefit provisions of this chapter shall be computed by
26 applying the benefit provisions prescribed by this subchapter for all credited
27 service of the person rendered before and after January 1, 1978.

28 (ii) Benefit amounts based upon employment before
29 January 1, 1978, shall not be less than benefit amounts computed in accordance
30 with the Arkansas State Police Retirement System benefit provisions at the
31 time of retirement which require member contributions.

32
33 24-6-226. Eligibility for benefits - Voluntary retirement for Tier I
34 noncontributory members.

35 (a)(1) Any member who has acquired five (5) years but less than thirty
36 (30) years of actual service and has attained age sixty-five (65) may retire

1 upon his written application filed with the Board of Trustees of the State
2 Police Retirement System.

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

6 (3) Any member who acquired thirty (30) or more years of actual
7 service may retire at any age upon his written application filed with the
8 board.

9 (4) For those members with less than thirty (30) actual years of
10 service, the age sixty-five (65) requirement shall be reduced by one month for
11 every two months of public safety credit, but in no event to an age younger
12 than fifty-two (52).

13 (b) This application shall set forth at what time, not less than thirty
14 (30) days nor more than ninety (90) days subsequent to the execution and
15 filing thereof, the member desires to be retired.

16 (c) Upon the member's retirement, he shall receive a pension provided
17 for in § 24-6-216.

18
19 24-6-227. Benefits generally – Tier I noncontributory member.

20 (a)(1) Upon his retirement as provided in this subchapter, a member
21 shall receive a straight life pension equal to one and fifty-five hundredths
22 percent (1.55%) of his final average compensation multiplied by the number of
23 years and any fraction of a year of his credited service.

24 (2)(A) In addition, if a member has service resulting from
25 employment in a position covered at any time by Social Security or another
26 federal retirement plan supported wholly or in part by employer contributions,
27 and if that member's age at retirement is younger than:

28 (i) Social Security's minimum age for an immediate
29 retirement benefit; and

30 (ii) Age sixty-two (62), then the member shall
31 receive a temporary annuity equal to three hundred and twenty-two thousandths
32 percent (.322%) of his final average compensation for each year of his
33 credited service.

34 (B) The temporary annuity shall terminate at the end of the
35 calendar month in which the earliest of the following events occurs:

36 (i) The member's death;

1 (ii) His attainment of the Social Security minimum
2 age for an immediate monthly benefit; or

3 (iii) His attainment of age sixty-two (62).

4 (b) In the event a member with five (5) years or more of actual service
5 in the system ceases to be employed as a state police officer prior to
6 reaching the required age for voluntary retirement, and does not withdraw his
7 accumulated employee contributions to the Arkansas State Police Retirement
8 System, the member shall be entitled to receive a pension upon reaching what
9 his voluntary retirement age would have been if he had continued state police
10 employment from time of termination of employment.

11 (c) Any member may elect to withdraw his accumulated contributions to
12 the system at the time of terminating employment as a state police officer and
13 to waive any pension rights the member may have earned in the system.

14 (d) It is considered sound public policy that retirement pay not exceed
15 working pay except for increases after retirement caused by inflation.
16 Accordingly, at the time of retirement, the total of the State Police
17 Retirement System annuity shall not exceed the member's final average
18 compensation.

19
20 SECTION 63. Arkansas Code 24-6-301 is amended to read as follows:

21 24-6-301. Election to participate.

22 In lieu of terminating employment and accepting a service retirement
23 pension, any state police officer who is a member of the Tier I of the State
24 Police Retirement System who has not less than thirty (30) years of credited
25 service and who is eligible to receive a service retirement pension may elect
26 to participate in the Arkansas State Police Officers Deferred Option Plan and
27 defer the receipt of benefits in accordance with the provisions of this
28 subchapter, provided the Board of Trustees of the State Police Retirement
29 System approves the participation in the plan.

30
31 SECTION 64. Arkansas Code 24-6-302 is amended to read as follows:

32 24-6-302. Credited service.

33 For purposes of this subchapter, credited service shall include service
34 credit recognized pursuant to ~~§ 24-3-301~~ § 24-6-201(13).

35
36 SECTION 65. Arkansas Code 24-6-403 is amended to read as follows:

1 24-6-403. Definitions.

2 As used in this subchapter, unless the context otherwise requires:

3 (1) "Accumulated contribution" means the sum of all amounts
4 deducted from the salaries of a member and credited to his individual account
5 in the members' deposit account, together with regular interest credited
6 thereon;

7 (2) "Actuarial equivalent" means a benefit of equal reserve value
8 where "reserve" means the present value of all payments paid on account of any
9 benefit based upon such reasonable rates of interest and tables of experience
10 as a plan shall adopt from time to time;

11 (3) "Actual service" means the service credited to a member under
12 this subchapter. Employment in a position covered by this subchapter shall be
13 credited at the rate of one (1) month for each month of employment;

14 (4) "Beneficiary" means any person except a retirant who is in
15 receipt of or who is entitled to receive a pension or other benefit payable
16 from funds of the system;

17 (5) "Board" means the Board of Trustees of the State Police
18 Retirement System;

19 (6) "Department" means the Department of Arkansas State Police;

20 (7) "Director" means the Director of the Department of Arkansas
21 State Police;

22 (8) "Final average ~~salary~~ compensation" means the average of the
23 highest annual salaries paid a member during any period of forty-eight (48)
24 calendar months of credited service with a public employer. Should a member
25 have less than forty-eight (48) calendar months of credited service, "final
26 average ~~salary~~ compensation" means the average of the annual salaries paid to
27 him during his total years of service;

28 (9) "Member" means any state police officer who is included in
29 the membership of the system as provided in § 24-6-402;

30 (10)(A) "Pension" means ~~an annual~~ a monthly amount payable from
31 the funds of the system throughout the life of a person.

32 (B) All pensions shall be paid in equal monthly
33 installments;

34 (11) "Pension reserve" means the present value of a pension
35 computed upon the basis of such mortality and other tables of experience, and
36 regular interest as the board, from time to time, shall adopt;

1 (12) "Regular interest" means such rates of interest per annum
2 compounded annually as the board, from time to time, shall prescribe;

3 (13) "Retirant" means any member who retires with a pension
4 payable from funds of the system;

5 (14) "Retirement" means a member's withdrawal from the employ of
6 the department with a pension payable from the funds of the system;

7 (15)(A) "Salary" means the compensation paid a member for service
8 rendered by him as a state police officer.

9 (B) In no case shall the term "salary" include
10 reimbursement for lodging, meals, or travel expenses;

11 (16) "Service" means service rendered to the department by a
12 state police officer and shall include previous service, if any, rendered by
13 him as an Arkansas state ranger;

14 (17)(A) "State police officer" means any employee of the
15 Department of Arkansas State Police who holds the rank of state trooper or a
16 higher rank, and it shall include the director.

17 (B) The term "state police officer" shall not include any
18 civilian employee of the department, nor shall it include any person who is
19 temporarily employed as a state trooper for an emergency.

20 (C) In any case of doubt as to who is a state police
21 officer, the board shall decide the question; and

22 (18) "System" means the State Police Retirement System.

23
24 SECTION 66. Arkansas Code 24-6-406 is amended to read as follows:

25 24-6-406. Benefits generally.

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

30 (2)(A) In addition, if a member has service resulting from
31 employment in a position covered at any time by social security or another
32 federal retirement plan supported wholly or in part by employer contributions,
33 and if that member's age at retirement is younger than:

34 (i) Social security's minimum age for an immediate
35 retirement benefit; and

36 (ii) Age sixty-two (62), then the member shall

1 receive a temporary annuity equal to five hundred thirteen thousandths percent
2 (.513%) of his final average ~~salary~~ compensation for each year of his actual
3 service.

4 (B) The temporary annuity shall terminate at the end of the
5 calendar month in which the earliest of the following events occurs:

6 (i) The member's death;

7 (ii) His attainment of the social security minimum
8 age; or

9 (iii) His attainment of age sixty-two (62).

10 (b) In the event a member with five (5) years or more of actual service
11 in the State Police Retirement System ceases to be employed as a state police
12 officer prior to reaching fifty-five (55) years of age and does not withdraw
13 his accumulated employee contributions to the system, the member shall be
14 entitled to receive a pension upon reaching what his voluntary retirement age
15 would have been if he had continued state police employment from time of
16 termination of employment.

17 (c) Any member may elect to withdraw his accumulated contributions to
18 the system at the time of terminating employment as a state police officer and
19 to waive any pension rights the member may have earned in the system.

20 (d) It is considered sound public policy that retirement pay not exceed
21 working pay except for increases after retirement caused by inflation.
22 Accordingly, at the time of retirement, the total of named-plan annuities
23 shall not exceed the member's final average ~~salary~~ compensation.

24 (e) No provision of this section shall be applicable to service that is
25 credited at a rate other than one (1) month for each month of employment.

26

27 SECTION 67. Arkansas Code 24-6-411(c)(1), concerning benefit
28 provisions, is amended to read as follows:

29 (c)(1) The member's surviving spouse who was married to the member at
30 least the one (1) year immediately preceding his death shall receive an
31 annuity computed in the same manner in all respects as if the member had
32 retired the date of his death with entitlement to an annuity provided for in §
33 ~~24-3-406~~ § 24-6-406, elected the Option B75 survivor annuity provided for in §
34 ~~24-3-408~~ § 24-6-408, and nominated his spouse as joint beneficiary.

35

36 SECTION 68. [THE ARKANSAS CODE REVISION COMMISSION IS NOT REQUIRED TO

1 CODIFY THIS SECTION.] No benefit enhancement provided for by this act shall
 2 be implemented if it would cause the publicly supported retirement system's
 3 unfunded actuarial accrued liabilities to exceed a thirty (30) year
 4 amortization. No benefit enhancement provided for by this act shall be
 5 implemented by any publicly supported system which has unfunded actuarial
 6 accrued liabilities being amortized over a period exceeding thirty (30) years
 7 until the unfunded actuarial accrued liability is reduced to a level less than
 8 the standards prescribed by Arkansas Code, Title 24.

9
 10 SECTION 69. EMERGENCY. It is found and determined by the Eighty-third
 11 General Assembly of the State of Arkansas that this act makes technical
 12 corrections to a number of sections of Arkansas Code Title 24; that other
 13 legislation of this session of the General Assembly may also amend some of
 14 those sections; that this act should become effective immediately so that
 15 other legislation may be amended to reflect the technical corrections made by
 16 this act and to avoid conflicts. Therefore, an emergency is declared to exist
 17 and this act being immediately necessary for the preservation of the public
 18 peace, health and safety shall become effective on the date of its approval by
 19 the Governor. If the bill is neither approved nor vetoed by the Governor, it
 20 shall become effective on the expiration of the period of time during which
 21 the Governor may veto the bill. If the bill is vetoed by the Governor and the
 22 veto is overridden, it shall become effective on the date the last house
 23 overrides the veto.

24 /s/ Fari s

27 APPROVED: 2/8/2001

30 APPROVED: 2/8/2001