

Hall of the House of Representatives

88th General Assembly - Regular Session, 2011

Amendment Form

Subtitle of House Bill No. 1213

TO AMEND THE LAW CONCERNING THE ARKANSAS STATE HIGHWAY EMPLOYEES'
RETIREMENT SYSTEM.

Amendment No. 1 to House Bill No. 1213

Amend House Bill No. 1213 as originally introduced:

Add Representative Carnine as a cosponsor of the bill

AND

Page 1, line 9, delete "SYSTEM;" and substitute "SYSTEM; TO DECLARE AN
EMERGENCY;"

AND

Delete the subtitle in its entirety and substitute:

"TO AMEND THE LAW CONCERNING THE
ARKANSAS STATE HIGHWAY EMPLOYEES'
RETIREMENT SYSTEM; TO DECLARE AN
EMERGENCY."



AND

Delete everything after the enacting clause and substitute:

"SECTION 1. Arkansas Code § 24-5-101, regarding definitions under the Arkansas State Highway Employees' Retirement System, is amended to add an additional subdivision to read as follows:

(14) "Actuarial equivalent" means a benefit of equal reserve value when reserve is the present value of all payment to be made on account of any benefit based upon such reasonable rate of interest and table of experience as a plan shall adopt from time to time.

SECTION 2. Arkansas Code § 24-5-111 is repealed.

~~24-5-111. Credit for prior service with public employer.~~

~~(a) Any employee of the Arkansas State Highway and Transportation Department who became a member of the Arkansas State Highway Employees' Retirement System on or before July 1, 1967, upon application and submission of proper proof to the Board of Trustees of the Arkansas State Highway Employees' Retirement System, shall receive prior service credit for any service rendered to any public employer, as defined in § 24-4-101, prior to July 1, 1967.~~

~~(b) Before any member or employee is credited with such prior service, the member or employee shall pay into the system an amount equal to that which the member would have paid had the service to be credited been performed for the department, together with such interest as may be prescribed by the board.~~

~~(c) It is the purpose of § 24-5-110 and this section to protect employees and to provide that employees will not lose their status or retirement benefits by changing employment from one (1) state department to another state department and that employment by the Arkansas State Highway and Transportation Department and other departments shall be cumulative in calculating retirement benefits.~~

SECTION 3. Arkansas Code § 24-5-117, regarding benefits and withdrawal from service under the Arkansas State Highway Employees' Retirement System, is amended to add an additional subsection to read as follows:

(c) The payment of the cost of the refunded service shall be based on an actuarial equivalent as prescribed by the board if a member:

(1) Is reemployed by a state employer;

(2) Has received a refund from the Arkansas State Highway Employees' Retirement System; and

(3) Seeks to reinstate time withdrawn.

SECTION 4. Arkansas Code § 24-5-121 is repealed.

~~24-5-121. Life annuities for surviving spouse — Return of funds previously withdrawn.~~

~~(a)(1) The surviving spouse of any person who had twenty (20) or more years of creditable service under the Arkansas State Highway Employees' Retirement System and who died subsequent to July 1, 1969, but on or before April 1, 1971, while drawing benefits under the system shall be entitled to receive a life annuity equal to forty two and one half percent (42.5%) of the annuity which the deceased member was receiving at the time of death.~~

~~(2) The surviving spouse shall be entitled to receive the benefits provided for in this section from the date application therefor is made to the Board of Trustees of the Arkansas State Highway Employees' Retirement System.~~

~~(b) If any surviving spouse of a deceased member who is otherwise entitled to receive an annuity under the provisions of this section has withdrawn any portion of the employee contributions made to the system by the deceased member, the surviving spouse shall return the funds so withdrawn with interest at the rate of three percent (3%) from the date withdrawn to the date returned to the system.~~

SECTION 5. Arkansas Code § 24-5-123(a)(5), regarding credit for military service, is amended to read as follows:

~~(5) Contributes to the members' deposit account a sum of money equal to the amount that would have been contributed during the term of military service allowable, based upon the biweekly earnings of the member at the time the member first reinstates membership in the system after completing the period of active military service times a rate equal to the sum of the contribution rates for both the member and the employer at the time the membership was first reinstated after completion of the active military service~~ an amount based on an actuarial equivalent as prescribed by the Board of Trustees of the Arkansas State Highway Employees' Retirement System.

SECTION 6. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that certain provisions of the Arkansas State Highway Employees' Retirement System law are in urgent need of revision to bring them into conformance with sound public pension policy; that this revision is of great importance to members of the Arkansas State Highway Employees'

Retirement System and to other citizens of the State of Arkansas; that a member's purchase of service credit currently provides that a member pay the system yesterday's dollars for the value of today's benefits; that such a valuation is unfair to the members as a whole and inconsistent with the prudent management of the system's funds and obligations; that the purchase of service credit in the system should be based upon actuarial equivalents; that the purchase of service credit should be paid in a lump sum to the system unless otherwise authorized; that current service purchase accounts remain unpaid and inactive for many years at a time and create an administrative burden and accounting difficulty on the system that can be remedied by the passage of this act; and that this act is necessary to maintain an orderly system of benefits for the members of the Arkansas State Highway Employees' Retirement System. Therefore, an emergency is declared to exist and this act being necessary for the preservation of the public peace, health, and safety shall become effective on July 1, 2011."

The Amendment was read _____

By: Representative Deffenbaugh

JSE/JSE - 02/17/11 02:51

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Chief Clerk