

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.

INTERIM STUDY PROPOSAL 2009-115

State of Arkansas
87th General Assembly
Regular Session, 2009

A Bill

HOUSE BILL 1207

By: Representative Stewart

Filed with: Interim Joint Committee on Public Retirement & Social Security Programs
pursuant to A.C.A. §10-3-217.

For An Act To Be Entitled

AN ACT TO ALLOW PARITY OF BENEFITS AMONG STATE-SUPPORTED RETIREMENT SYSTEMS FOR MEMBERS OF THE ARMED FORCES, ARKANSAS NATIONAL GUARD, AND ARMED FORCES RESERVE; TO PROVIDE CONSISTENCY WITH FEDERAL LAW; AND FOR OTHER PURPOSES.

Subtitle

THE MILITARY APPRECIATION ACT OF 2009.

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

SECTION 1. Arkansas Code § 24-2-501(a)(1), concerning free credited service for military service, is amended to read as follows:

(a)(1)(A) Any member of the Arkansas Judicial Retirement System established by § 24-8-201 et seq. shall be entitled to receive free credited service in the system for a period of not to exceed two (2) years for service rendered by him or her in the armed forces of the United States during World War I, World War II, the Korean Conflict, or the Vietnam Conflict.

(B) For purposes of calculating credits under this section, the Vietnam Conflict begins November 1, 1965, and ends May 15, 1975.

(f)(1) This section is supplemental to § 24-2-502, and nothing in this section shall diminish the right of any member of the system to obtain credited service in the system for active duty military service within the limits permitted by § 24-2-502.



1 (2) However, no member is entitled to receive more than ~~three~~
2 ~~(3) five~~ (5) years of credited service rendered by the member under this
3 section.

4 (3) No member is eligible to purchase service credit in more
5 than one (1) state-supported retirement system for service time in the
6 Arkansas National Guard or in the armed forces reserve.

7 (4) Service credit in the system for active duty military
8 service under § 24-2-502 and for service in the Arkansas National Guard or in
9 the armed forces reserve shall not be given for the same period of time.

10 (5) A member's service in the Arkansas National Guard or armed
11 forces reserve shall not make the member eligible for any kind of benefit
12 under any other retirement system, ~~including federal systems~~, except social
13 security and federal military retirement systems.

14
15 SECTION 2. Arkansas Code § 24-2-503 is amended to read as follows:

16 24-2-503. Arkansas National Guard and armed forces reserve service
17 credit.

18 (a) As used in this section, "armed forces reserve" means one (1) of
19 the reserve components of the armed forces of the United States.

20 (b)(1) A member of ~~the Arkansas Public Employees' Retirement System~~ a
21 state-supported retirement system may purchase credited service in the system
22 for a period not to exceed one (1) year for compensated service rendered by
23 the member in the Arkansas National Guard or in the armed forces reserve if
24 the member:

25 (A) Makes an application to the ~~Board of Trustees of the~~
26 ~~Arkansas Public Employees' Retirement System~~ board of trustees of the
27 retirement system in which the member is an active member;

28 (B) Provides the board with satisfactory proof of that
29 person's service in the Arkansas National Guard or in the armed forces
30 reserve; and

31 (C)(i) For the year of service credit granted, pays to the
32 system the employee and employer contributions based on the greater of:

33 (a) The annual salary received by the member
34 for the member's first full year of credited service that precedes the fiscal
35 year in which the service is purchased; or

36 (b) The average of the three (3) highest

1 annual salaries earned at the time of purchase.

2 (ii) The member shall pay interest from the end of
3 that year of credited service to the date of payment in full.

4 (2) Payment for service under this section shall be based on the
5 contribution rates in effect at the time of the purchase.

6 (3) The payment shall be credited to the member's deposit
7 account and is in addition to any regular member contributions.

8 (c) A member shall receive one (1) year of purchased service credit
9 for every five (5) years of compensated service in the Arkansas National
10 Guard or in the armed forces reserve.

11 (d) The service in the Arkansas National Guard or in the armed forces
12 reserve shall not become credited service under this system until the member:

13 (1) Has separated from service of any kind in the Arkansas
14 National Guard or armed forces reserve;

15 (2) Pays for the year of service in the Arkansas National Guard
16 or in the armed forces reserve at one (1) time in a single lump-sum payment;
17 and

18 (3) Has established five (5) or more years of actual service in
19 the system.

20 (e) If a member ceases to be an active member before the service in
21 the Arkansas National Guard or in the armed forces reserve has been
22 established as system-credited service, the member payments contributed under
23 this section are refundable, together with regular interest.

24

25 SECTION 3. Arkansas Code § 24-5-123 is amended to read as follows:

26 24-5-123. Credit for military service.

27 (a) Any person who is a member of the Arkansas State Highway
28 Employees' Retirement System shall be entitled to purchase creditable service
29 in the system for a period not to exceed ~~three (3)~~ five (5) years for active
30 service rendered by the member in the armed forces of the United States,
31 after the member's first employment in a position covered by a state-
32 supported retirement system, ~~excluding~~ including active service for the
33 purpose of attending schools or other peacetime training of the member in the
34 military reserve or national guard, if the person:

35 (1) Has ~~ten (10)~~ five (5) years of creditable service with this
36 retirement system;

1 (2) Received an honorable discharge from the armed forces; and
 2 ~~(3) Is not receiving federal military service retirement pay,~~
 3 ~~excluding federal military disability retirement pay;~~
 4 ~~(4) Is not qualified to claim the military service in the system~~
 5 ~~under § 24-2-502 or § 24-5-101 et seq.;~~ and

6 ~~(5)~~(3) Contributes to the members' deposit account a sum of
 7 money equal to the amount that would have been contributed during the term of
 8 military service allowable, based upon the biweekly earnings of the member at
 9 the time the member first reinstates membership in the system after
 10 completing the period of active military service times a rate equal to the
 11 sum of the contribution rates for both the member and the employer at the
 12 time the membership was first reinstated after completion of the active
 13 military service.

14 (b)(1) Interest shall be paid at the rate of six percent (6%) per year
 15 from December 31, 1987, or six (6) months after the end of the month in which
 16 the member first has ten (10) years of creditable service, whichever is
 17 later.

18 (2) In no event may payments be extended beyond three (3) years
 19 from the date of application.

20 (3) It is further required that all payments must be completed
 21 before this military service time can be used to compute annuity benefits at
 22 time of retirement.

23 (c)(1) This section shall be supplemental to any other laws relating
 24 to the members of the system. Nothing in this section shall be construed to
 25 repeal or modify any existing provisions of this system's laws providing for
 26 creditable service in the system for military service, nor to diminish the
 27 right of any member of this system to obtain creditable service in the system
 28 for military service under existing laws.

29 (2)(A) In no event shall any member of this system be entitled
 30 to receive in excess of five (5) years of creditable service for military
 31 service rendered by the member.

32 (B) No member shall ~~be eligible for~~ receive creditable
 33 service in more than one (1) state-supported retirement system.

34
 35 SECTION 4. Arkansas Code § 24-7-602 (c), concerning the credit for
 36 military service is amended to read as follows:

1 (c) ~~A person who entered the armed forces and who was not an active~~
2 ~~member at the time of entry shall have the armed service actually required of~~
3 ~~him credited as service under this subchapter if he satisfies all of the~~
4 ~~following conditions:~~

5 ~~(1) He completes five (5) years of actual service for service in~~
6 ~~Arkansas; and,~~

7 ~~(2) The armed service is not credited as service under any other~~
8 ~~retirement plan except social security. Receipt of a disability pension from~~
9 ~~the federal military system shall not be considered as having service credit~~
10 ~~with another retirement plan. (1) If at the time of entry into the armed~~
11 ~~forces a person is not an active member of the system, then the amount of~~
12 ~~armed forces service actually required of the person shall be credited as~~
13 ~~service under this subchapter.~~

14 (2) A person shall complete five (5) years of active membership
15 in the system before becoming eligible for credit under this subsection.

16
17 SECTION 5. Arkansas Code § 24-7-610 is amended to read as follows:

18 24-7-610. Arkansas National Guard and armed forces reserve service
19 credit.

20 (a)(1) Any member of the Arkansas Teacher Retirement System shall be
21 entitled to purchase credited service in the system for a period not to
22 exceed five (5) years for service rendered by the member in the Arkansas
23 National Guard or in the armed forces reserve if the member:

24 (A) Makes an application to the Board of Trustees of the
25 Arkansas Teacher Retirement System;

26 (B) Provides proof satisfactory to the board of that
27 person's service in the Arkansas National Guard or in the armed forces
28 reserve; and

29 (C) Pays to the system for each year of service credit
30 being granted:

31 (i) The product of the sum of the employee and
32 employer contribution rates in effect at the time of purchase multiplied by
33 the greater of:

34 (a) The annual salary received by the member
35 for his or her first full year of credited service that precedes the fiscal
36 year in which the service is purchased; or

1 (b) The average of the three (3) highest
2 salaries earned at the time of purchase; plus

3 (ii) Interest from the end of that year of credited
4 service to the date of payment in full.

5 (2) If the payment for service under this section is not made in
6 a single lump-sum payment, interest shall accrue from the date of the initial
7 payment to the date of the payment in full.

8 (3) The payment shall be credited to the member's account in the
9 members' deposit account and shall be in addition to regular member
10 contributions.

11 (b) Members shall receive one (1) year of purchased service credit for
12 each five (5) years of service in the Arkansas National Guard ~~service or in~~
13 the armed forces reserve.

14 (c) ~~The~~ Service in the Arkansas National Guard ~~service or in the armed~~
15 forces reserve shall not become credited service under this system until:

16 (1) The member payments specified in subdivision (a)(1)(C) of
17 this section have been paid in full; and

18 (2) The member has established five (5) or more years of actual
19 service in the system.

20 (d) If a member ceases to be an active member before the service in
21 Arkansas National Guard ~~service or in the armed forces reserve~~ has been
22 established as system-credited service, the member payments contributed as
23 specified in subdivision (a)(1)(C) of this section shall be refundable,
24 together with regular interest.

25 (e)(1) This section shall be supplemental to § 24-7-602, and nothing
26 in this section shall be construed to diminish the right of any member of the
27 system to obtain credited service in the system for active duty military
28 service within the limits permitted by § 24-7-602.

29 (2) However, no member shall be entitled to or receive in excess
30 of five (5) years of credited service rendered by the member under this
31 section.

32 (f) Except for service credit under § 24-7-602(e), service credit in
33 the Arkansas National Guard or in the armed forces reserve shall not be given
34 if the service is credited under any other retirement plan, ~~including~~ except
35 a federal military retirement

36 Filed Date: 04/08/2009 By: LMG\VJF