

State of Arkansas
76th General Assembly
Regular Session, 1987
By: Representative McGinnis

HOUSE BILL 1478

"AN ACT TO AMEND ARKANSAS STATUTES 12-2511 A. AND ARKANSAS STATUTE 42-455D AND ARKANSAS STATUTES 12-3305 SUBSECTION 5.03 TO PROVIDE CERTAIN RETIREMENT INCENTIVES FOR PEOPLE RETIRING DURING THE PERIOD BETWEEN THE EFFECTIVE DATE OF THIS ACT THROUGH JANUARY 1, 1988 INCLUSIVE; AND FOR OTHER PURPOSES."

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

SECTION 1. Subsection A. of Arkansas Statutes 12-2511 is hereby amended to read as follows:

"A. Any member who retires, as provided in Section 10 (12-2510) hereof shall receive a straight life annuity consisting of the benefits provided in paragraph (a), set forth below:

(a) From and after July 1, 1979, and upon a member's retirement, he shall receive a straight life annuity in accordance with the following provisions:

(1) an annuity equal to 1.8 percent of average compensation multiplied by the number of years, and fraction of a year of credited service with the System.

(2) A State Employee who is an active member of the System on the effective date of this Act and who is vested for a full age and service annuity and who has credit in the System for three (3) consecutive actual years of service with the State of Arkansas immediately prior to his retirement date may choose two (2) of the retirement incentives from paragraphs (a), (b), (c), and (d), set forth below, provided he retires during the period beginning with the effective date of this Act through January 1, 1988, inclusive; provided further, an employee who participates in this retirement incentive program is not eligible to accept further employment in

which the state is the employer:

(a) in addition to his regular annuity, the System will pay the cost of the employee's health and basic life insurance he is eligible to continue as a retirant with the State Employees Group Insurance Plan, such payment to be for the retirant's coverage only and to be paid from the date of his retirement until the retirant's death.

(b) for the purpose of computing the State Employee member's annuity, his highest annual salary will be substituted for his final average compensation.

(c) for the purpose of computing the State Employee member's annuity, he will receive additional service credit equal to 10% of his existing service credit.

(d) A State Employee member may receive a retirement bonus which is a lump sum payment equal to 10% of the final annual salary of the employee not to exceed \$5,000. The retirement bonus shall be paid from funds appropriated to the employee's department, agency or commission for salaries.

(3) A State Employee who is an active member of the System on the effective date of this Act and who has credit in the System for three (3) consecutive actual years of service with the State of Arkansas immediately prior to his retirement date and who has credit for not less than ten (10) actual years of service or credit for not less than twenty-eight (28) actual years of service may choose two (2) of the retirement incentives from paragraphs (a), (b), (c), (d), and (e), as set forth below, provided he retires during the period beginning with the effective date of this Act through January 1, 1988, inclusive; provided further, an employee who participates in this retirement incentive program is not eligible to accept further employment in which the state is the employer:

(a) in addition to his reduced early annuity, the System will pay the cost of the State Employee's health and basic life insurance he is eligible to continue as a retirant with the State Employees Group Insurance plan, such payment to be for the retirant's coverage only and to be paid from the date of his retirement until the retirant has attained age 65.

(b) for the purpose of computing the State Employee member's annuity, his highest annual salary will be substituted for his final average compensation."

SECTION 2. Subsection D. of Arkansas Statutes 42-455 is hereby amended to add (c) and (d) to read as follows:

"(c) An employee who is an active member of the System on the effective date of this Act and who is vested for a full age and service annuity and who has credit in the System for three (3) consecutive actual years of service with the Department immediately prior to his retirement date may choose two (2) of the retirement incentives from paragraphs (1), (2), (3), and (4), set forth below, provided he retires during the period beginning with the effective date of this Act through January 1, 1988, inclusive; provided further, an employee who participates in this retirement incentive program is not eligible to accept further employment with the Department or in which the state is the employer:

(1) in addition to his regular annuity, the System will pay the cost of the member's health insurance he is eligible to continue as a retirant with the Arkansas State Police Employee Health Plan, such payment to be for the retirant's coverage only and to be paid from the date of his retirement until the retirant's death.

(2) for the purpose of computing the member's annuity, his highest annual salary will be substituted for his final average compensation.

(3) for the purpose of computing the member's annuity, he will receive additional service credit equal to 10% of his existing service credit.

(4) a member may receive a retirement bonus which is a lump sum payment equal to 10% of the final annual salary of the employee not to exceed \$5,000. The retirement bonus shall be paid from funds appropriated to the employee's department, agency or commission for salaries.

(d) An employee who is an active member of the System on the effective date of this Act and who has credit in the System for three (3) consecutive actual years of service with the Department immediately prior to his retirement date and who has credit for not less than ten (10) actual years of service or credit for not less than eighteen (18) actual years of service may

choose two (2) of the retirement incentives from paragraphs (1), (2), (3), (4), and (5), as set forth below, provided he retires during the period beginning with the effective date of this Act through January 1, 1988, inclusive; provided further, an employee who participates in this retirement incentive program is not eligible to accept further employment with the Department or in which the state is the employer:

(1) the System will pay the cost of the member's health insurance he is eligible to continue as a retirant with the Arkansas State Police Employee Health plan, such payment to be for the retirant's coverage only and to be paid from the date of his retirement until the retirant has attained age 65.

(2) for the purpose of computing the member's annuity, his highest annual salary will be substituted for his final average compensation.

(3) if the member eligible for an early reduced annuity as provided by 42-455D (b) (1) and he is within two (2) years of his full annuity age or if he has at least 10 years of credit and is within two (2) years of his full annuity age, then his annuity will not be reduced because of early retirement.

(4) if a member has attained his full annuity age as provided by 42-455 B and he is within two years of attaining the service requirement for a full annuity, then his annuity will not be reduced because of early retirement.

(5) a member may receive a retirement bonus which is a lump sum payment equal to 10% of the final annual salary of the employee not to exceed \$5,000. The retirement bonus shall be paid from funds appropriated to the employee's department, agency or commission, for salaries."

SECTION 3. Subsection 5.03 of Arkansas Statutes 12-3305 is hereby amended to read as follows:

"5.03. (a) Upon a member's retirement he shall receive an annuity for life equal to the total of the following amounts: for each year of credited service resulting from employment in a position covered at any time by Social Security or another federal retirement plan, in which the State participates by providing matching funds, the difference between 1.8% of his final average pay and 1.25% of his Social Security primary benefit; plus for each year of

credited service resulting from employment in a position never covered by Social Security or another federal retirement plan, 1.8% of his final average pay. It is considered sound public policy that retirement pay not exceed working pay, except for increases after retirement caused by inflation. Accordingly, at time of retirement the total of named plan annuities, resulting from employment in a position also covered by social security, plus his social security primary benefit shall not exceed his final average pay, provided, in no event shall such named plan annuities be less than such years of credited service multiplied by 0.7% of his final average pay.

(b) A State employee who is an active member of the Arkansas Public Employees Retirement System on the effective date of this Act and who is vested for a full age and service annuity and who has credit in the System for three (3) consecutive actual years of service with the State of Arkansas immediately prior to his retirement date, or a State Police Officer who is an active member of the Arkansas State Police Retirement System on the effective date of this Act and has credit for three (3) consecutive actual years of service with the Arkansas State Police Department immediately prior to his retirement date, may choose two (2) of the retirement incentives from paragraphs (1), (2), (3), (4) and (5), as set forth below, provided he retires during the period beginning with the effective date of this Act through January 1, 1988, inclusive; provided further, an employee who participates in this retirement incentive program is not eligible to accept further employment with the Arkansas State Police Department or in which the state is the employer:

(1) in addition to his regular annuity, the named plan from which the employee retires will pay the cost of the State Employee or the State Police Officer member's health (and basic life) insurance he is eligible to continue as a retirant with the State Employees Group Insurance Plan, or with the Arkansas State Police Employee Health Plan, as the case may be, such payment to be for the retirant's coverage only and to be from the date of his retirement until the retirant's death.

(2) for the purpose of computing the State Employee or the State Police Officer member's annuity, his highest annual salary will be substituted for his final average pay.

(3) for the purpose of computing the State Employee or the State Police Officer member's annuity, the Social Security offset will not be

used, notwithstanding his annuity plus his Social Security primary benefit may exceed his final average pay. His annuity will be equal to 1.8% of his final average pay multiplied by the number of years and fraction of a year of credited service with the System, provided a State Police Officer member's annuity will not be less than the amount provided by Arkansas Statute 42-455 D (a), Arkansas Statute 42-463, and Arkansas Statute 42-464.

(4) a State Employee or State Police Officer member may receive a retirement bonus which is a lump sum payment equal to 10% of the final annual salary of the employee not to exceed \$5,000. The retirement bonus shall be paid from funds appropriated to the employee's department, agency or commission for salaries.

(c) A State Employee who is an active member of the Arkansas Public Employees Retirement System on the effective date of this Act and who has credit in the System for three (3) consecutive actual years of service with the State of Arkansas immediately prior to his retirement date, or a State Police Officer who is an active member of the Arkansas State Police Retirement System on the effective date of this Act and has credit for three (3) consecutive actual years of service with the Arkansas State Police Department immediately prior to his retirement date, and who has credit for not less than ten (10) actual years of service or credit for not less than twenty-eight (28) actual years of service may choose two (2) of the retirement incentives from paragraphs (1), (2), (3), (4), (5), and (6) as set forth below, provided he retires during the period beginning with the effective date of this Act through January 1, 1988, inclusive; provided further, an employee who participates in this retirement incentive program is not eligible to accept further employment with the Arkansas State Police Department or in which the state is the employer:

(1) the named plan from which the member retires will pay the cost of the State Employee or the State Police Officer member's health (and basic life) insurance he is eligible to continue as a retirant with the State Employees Group Insurance Plan or with the Arkansas State Police Employee Benefit Plan, as the case may be, such payment to be for the retirant's coverage only and to be paid from the date of his retirement until the retirant has attained age 65.

(2) for the purpose of computing the State Employee or the State

Police Officer member's annuity, his highest annual salary will be substituted for his final average pay.

(3) if the State Employee or State Police Officer member is eligible for an early reduced annuity as provided in 12-3305, 5.07 and he is within two (2) years of his full annuity age, then his annuity will not be reduced because of early retirement.

(4) if a State Employee or State Police Officer member has attained his full annuity age as provided by 12-3302, 2.09 and he is within two years of attaining the service requirement for a full annuity, then his annuity will not be reduced because of early retirement.

(5) for the purpose of computing the State Employee or State Police Officer member's annuity, the Social Security offset will not be used, notwithstanding his annuity plus his Social Security primary benefit may exceed his final average pay. His annuity will be equal to 1.8% of his final average pay multiplied by the number of years and fraction of a year of credited service with the System, provided a State Police Officer member's annuity will not be less than the amount provided by Arkansas Statute 42-455 (D) (a) or (b), as the case may be, and Arkansas Statute 42-463 and Arkansas Statute 42-464.

(6) a State Employee or State Police Officer member may receive a retirement bonus which is a lump sum payment equal to 10% of the final annual salary of the employee not to exceed \$5,000. The retirement bonus shall be paid from funds appropriated to the employee's department, agency or commission for salaries."

SECTION 4. General Repealer. All laws and parts of laws in conflict with this Act are hereby repealed.

SECTION 5. EMERGENCY. It is hereby found and determined by the General Assembly that a reduction in work force caused by budgetary constraints may be avoided by offering early retirement incentives; that to offer early retirement incentives and to avoid unnecessary layoffs this Act should take effect immediately upon its passage. Therefore, an emergency is hereby declared to and this Act being necessary for the preservation of the public peace, health and safety shall be in full force and effect from and after its passage and

approval.