

State of Arkansas

76th General Assembly

Regular Session, 1987 AS ENGROSSED 2/9/87

HOUSE BILL 1516

By: Representative McGinnis AS ENGROSSED 2/10/87 AS ENGROSSED 3/11/87

Representative Stephens AS ENGROSSED 2/16/87

"AN ACT TO PROVIDE CERTAIN RETIREMENT INCENTIVES FOR PERSONS
RETIRING FROM THE STATE DIVISION OF THE PUBLIC EMPLOYEES
RETIREMENT SYSTEM, THE ARKANSAS STATE HIGHWAY EMPLOYEES
RETIREMENT SYSTEM, OR THE STATE POLICE RETIREMENT SYSTEM
BETWEEN THE EFFECTIVE DATE OF THIS ACT AND JANUARY 1, 1988,
INCLUSIVE, AND FOR OTHER PURPOSES."

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

SECTION 1. In addition to the provisions of Section 11 of Act 177 of 1957, as amended,

(A) 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 (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 in which the state is the employer:

(1) In addition to his regular annuity, the System will pay the cost of the employee's health and basic life insurance which 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.

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

(3) 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.

(4) 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 the contingency reserve fund of the Arkansas Public Employees Retirement System.

(B) 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 and has attained the age of fifty-five, or has credit for not less than twenty-eight (28) actual years of service regardless of age 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 in which the state is the employer:

(1) the System will pay the cost of the State Employee's health and basic life insurance which 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.

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

(3) if the State Employee member is within two (2) years of his full annuity age and if he is eligible for an early reduced annuity as provided by Subsection (c) of Subsection B of Section 10 of Act 177 of 1957, as amended, or he is within two years of having thirty (30) years actual credited services, then his annuity will not be reduced because of early retirement.

(4) if the State Employee member is within two years of attaining the service requirement for a full annuity and has attained his full annuity age as provided by Subsection (1) of Subsection A of Section 10 of Act 177 of 1957, as amended, or is within two years of having thirty (30) years actual

credited service, then his annuity will not be reduced because of early

(5) 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 the contingency reserve fund of the Arkansas Public Employees Retirement System.

SECTION 2. In addition to the provisions of Subsection D of Section 5 of Act 311 of 1951, as amended,

(A) 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 annuity equal to 10% of his computed annuity.

(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 the employer's accumulation account of the Arkansas State Police Retirement System.

(B) 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 and has attained the age forty-eight or credit for not less than

eighteen (18) actual years of service regardless of age 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 Paragraph (b) (1) of Subsection D of Section 5 of Act 311 of 1951, as amended, 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 Subsection B of Section 5 of Act 311 of 1951, as amended, and he is within two (2) 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 the employer's accumulation account of the Arkansas State Police Retirement System.

SECTION 3. In addition to the provisions of Subsection 5.03 of Section 5 of Act 793 of 1977, as amended,

(A) 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 is vested for a full age and service annuity and has cre-

dit 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, he will receive additional service credit equal to 10% of his existing service credit.

(4) 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 Paragraph (a) of Subsection D of Section 5 of Act 311 of 1951, as amended, Section 5 of Act 93 of the Extended Session of 1974 and Section 1 of Act 948 of 1975, as amended.

(5) 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 the contingency reserve fund of the Arkansas Public Employees Retirement System or the employer's accumulation account of the

Arkansas State Police Retirement System, depending upon from which system the member retires.

(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 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 and has attained the age for an early reduced annuity or credit for not less than twenty-eight (28) actual years of service regardless of age 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 Health 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 Subsection 5.07 of Section 5 of Act 793 of 1977, as amended, 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 member has attained his full annuity age as provided by Subsection 2.09 of Section 2 of Act 793 of 1977 and he is within

two years of attaining the credited 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 Paragraphs (a) (if (3) above is selected) or (b) (1) (if (3) above is not selected) of Subsection D of Act 311 of 1951, as amended, Section 5 of Act 93 of the Extended Session of 1974, and Section 1 of Act 948 of 1975, as amended.

(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 the contingency reserve fund of the Arkansas Public Employees Retirement System or the employer's accumulation account of the Arkansas State Police Retirement System, depending upon from which system the member retires.

SECTION 4. "Contingency reserve fund" means that amount of the Arkansas Public Employees Retirement System's assets at cost determined by the annual actuarial valuation to be in excess of the total system benefit liabilities. There shall be annual transfers between the employees' accumulation account and the contingency reserve fund as necessary to recognize the actuarially determined balance of that fund.

SECTION 5. Any member of the Arkansas State Highway Employees Retirement System who retires, as provided in subsection (a) of Section 11 of Act 454 of 1949, as amended, shall receive an annuity consisting of the benefits provided in Section 12 of Act 454 of 1949, as amended, Section 1 of Act 94 of the Extraordinary Session of 1974 and Section 1 of Act 949 of 1975, provided the member is an active member of the system on the effective date of this Act and is vested for a full age and service annuity on the effective date of this Act and has credit in the System for thirty-six (36) consecutive months of actual service with the Highway Employees Retirement System immediately prior to mem-

ber's effective retirement date, and may choose two (2) of the retirement incentives from subsections (a), (b), (c), and (d) as set forth below, provided the member retires during the period between the effective date of this Act and January 1, 1988 inclusive:

(a) In addition to the member's regular annuity, the System will pay to the State Employees Group Insurance Plan, or a successor plan by whatever name it may be known, the total insurance premium for the health/hospitalization and basic life insurance for the member only, provided that the member was insured by the State Group Plan at the date of retirement.

(b) For the purpose of computing the member's annuity, the highest twelve months salary, for which contributions have been paid to the System, will be substituted for the member's average compensation as provided by Sections 11 and 12 of Act 454 of 1949, as amended.

(c) For the purpose of computing the member's annuity, an additional service credit equal to ten percent (10%) shall be added to the member's service credit at date of retirement, even though the service thus added exceeds the thirty-five (35) years maximum stated in Section 11 of Act 454 of 1949, as amended.

(d) The retiring member may receive a retirement bonus which is a lump sum payment equal to ten percent (10%) of the final twelve months actual salary earned by the member to date of retirement, not to exceed \$5,000. The retirement bonus shall be paid from funds appropriated to the State Highway Employees Retirement System.

SECTION 6. An active member of the System on the effective date of this Act whose benefits are vested and who is entitled to a reduced annuity as provided by subsection (c) of Section 11 of Act 454 of 1949, as amended, on July 1, 1987, and who has credit in the System for thirty-six (36) consecutive months of actual service with the Highway Employees Retirement System immediately prior to the effective retirement date may choose two (2) of the retirement incentives from subsections (a), (b), (c), (d), and (e) as set forth below, provided the member retires during the period July 1, 1987 through January 1, 1988, inclusive:

(a) In addition to the member's reduced early annuity, the System will pay to the State Employees Group Insurance Plan, or to a successor plan by

whatever name it may be known, the total insurance premium for the

health/hospitalization and basic life insurance for the member only, until the retired member has attained age 65, provided that the member was insured by the State Group Plan at date of retirement.

(b) For the purpose of computing the member's reduced annuity, the highest twelve months salary, for which contributions have been paid to the System, will be substituted for the member's average compensation as provided by Sections 11 and 12 of Act 454 of 1949, as amended.

(c) If the member is eligible for an early reduced annuity as provided by subsection (c) of Section 11 of Act 454 of 1949, as amended, and is within two (2) years of full annuity age, then the member's annuity will not be reduced because of early retirement.

(d) If the member has attained the full benefit age as provided by subsection (c) of Section 11 of Act 454, as amended, and is within two (2) years of attaining the service requirement for a full annuity, then the member's annuity will not be reduced because of early retirement.

(e) The retiring member may receive a retirement bonus which is a lump sum payment equal to ten percent (10%) of the final twelve months actual salary earned by the member to date of retirement, not to exceed \$5,000. The retirement bonus shall be paid from funds appropriated to the Arkansas State Highway and Transportation Department for salaries.

SECTION 7. Any employee of the Arkansas State Highway and Transportation Department retired under the provisions of this law shall not be eligible for subsequent employment, as an employee, by any state agency whose employees are covered by a State supported retirement system.

SECTION 8. For those state employees, State Police Officers, and Highway Department employees who retire pursuant to the provisions of this Act, the amount paid by the State Division of the Public Employees Retirement System, the Arkansas State Highway Employee's Retirement System, and the State Police Retirement System as the cost of the employee's health and basic life insurance shall not exceed the amount of the employer's contribution for such coverage on the date of the employee's retirement and may be reduced at such time as the employee qualifies under Medicare or Medicaid programs. Any

future increase in the cost of such coverage shall be borne by the employee and not by the System from which employee retired.

SECTION 9. No position being vacated as a result of an employee retiring pursuant to the provisions of this Act shall be filled without the written approval of the Governor or the Chief Fiscal Officer.

SECTION 10. Any laws and parts of laws in conflict with this Act are hereby repealed.

SECTION 11. Emergency Clause. 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 declared and this Act being necessary for the immediate preservation of the public peace, health and safety shall be in full force and effect from and after its passage and approval.

/s/ Bob McGinnis

