

State of Arkansas
76th General Assembly
Regular Session, 1987
By: Senator Jewell

SENATE BILL 17

"AN ACT TO AMEND SECTION 10 OF ACT 177 OF 1957 [ARK. STAT. 12-2510] AND SECTIONS 2 AND 5 OF ACT 793 OF 1977 [ARK. STAT. 12-3302 AND 12-3305] TO PROVIDE INCENTIVES FOR RETIREMENT BETWEEN THE EFFECTIVE DATE OF THE ACT AND JUNE 30, 1988 TO AVERT A POSSIBLE REDUCTION IN WORK FORCE CAUSED BY BUDGETARY CONSTRAINTS; AND FOR OTHER PURPOSES."

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

SECTION 1. It is hereby found and determined by the General Assembly that due to budgetary restraints some state agencies may have to implement a systematic reduction in their work force; that some layoffs could be prevented through normal attrition if an incentive for early retirement for those employees nearing or past the age of normal retirement were provided. It is the intent of this Act to provide such incentives.

SECTION 2. Subsection A of Section 10 of Act 177 of 1957, as amended, the same being Arkansas Statutes 12-2510(A) is hereby amended to read as follows:

"Section 10. A. (1) a. Any member who has thirty (30) or more years of credited service regardless of age; or any member who has attained or attains age sixty (60) years and has twenty (20) or more years of credited service; or any member who has attained or attains age sixty-five (65) years and has ten (10) or more years of credited service, may voluntarily retire upon his written application filed with the Board setting forth at what time, not less than thirty (30) days nor more than ninety (90) days subsequent to the execution and filing thereof, he desires to be retired. Upon his retirement he shall receive an annuity provided for in Section 11 hereof.

b. Between the effective date of this Act and June 30, 1988, any

vested member who voluntarily chooses to retire during this time period and files their written application prior to June 30, 1988, with the Board shall receive either

(i) full benefits without reduction for early retirement if the member is within eighteen (18) months of retirement age as set forth in paragraph a. hereof or has at least twenty-eight and one-half (28½) years of credited service, or

(ii) an additional eighteen (18) months of credited service if the member qualifies to retire under paragraph a. hereof.

(2) Total credited service to qualify for a benefit may be service with the system and service with the University of Arkansas system which service is covered by the retirement system recognized by the University of Arkansas. The benefit payable by the system shall be based on credited service in the system and on the final average compensation in the system; provided, should a member have less than five (5) years of service credited in the system, 'final average compensation' means the monthly average of pays to him during his total years of service in the system."

SECTION 3. Subsection 2.09 of Section 2 of Act 793 of 1977, as amended, the same being Arkansas Statutes 12-3302, is hereby amended to read as follows:

"2.09. 'Normal retirement age' means for a member the youngest of the following ages:

(a) Age 65 years.

(b) If the provisions of Section 4.01(b) of this act are used to determine any portion of total credited service, then the age upon completion of 35 years of credited service, but in no event to an age younger than 55 years. Members of the General Assembly who are serving on July 1, 1979 shall be eligible to retire with 35 years of credited service regardless of age.

(c) For a member with credited service for employment as a public safety employee, age 65 years reduced by one (1) month for each two (2) months of such credited service, but in no event to an age younger than 55 years.

(d) The age upon completion of 30 years of credited service, if the provisions of 4.01(b) of this act are not used to determine any portion of such credited service.

(e) Between the effective date of this Act and June 30, 1988, a vested

member who is (i) within eighteen (18) months of normal retirement age as set forth in paragraph (a) or (ii) who has at least twenty-eight and one-half (28½) years of credited service who voluntarily chooses to retire and files their written application prior to June 30, 1988 with the Board.

(f) Between the effective date of this Act and June 30, 1988, a member shall receive an additional eighteen (18) months of credited service if the member qualifies to retire under paragraph (a) or (d) hereof."

SECTION 4. Subsection 5.03 of Section 5 of Act 793 of 1977, the same being 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) Notwithstanding the provisions of paragraph (a) hereof, those members who retire between the effective date of this Act and June 30, 1988, shall have the Social Security offset provision of the formula as set forth in (a) above, deferred, until the member is eligible to draw Social Security benefits."

SECTION 5. General Repealer. All laws and parts of laws in conflict with this Act are hereby repealed.

SECTION 6. If any provision of this Act or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect

other provisions or applications of this Act which can be given without the invalid provision or application and to this end the provisions of this Act are declared to be severable.

SECTION 7. 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 incentive; 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.

