

State of Arkansas

77th General Assembly

Regular Session, 1989

A Bill

HOUSE BILL

1422

By: Representative Stephens

For An Act To Be Entitled

"AN ACT TO AMEND TITLE 24, CHAPTER 2, SUBCHAPTER 5 TO DEFINE SERVICE RENDERED FOR PURCHASE OF MILITARY SERVICE CREDIT IN THE ARKANSAS PUBLIC EMPLOYEES' RETIREMENT SYSTEM; AND FOR OTHER PURPOSES."

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

SECTION 1. Arkansas Code 24-2-502(a) is hereby amended to read as follows:

"(a) Any person who is or was a member of a state-supported retirement system in this state and who is not receiving benefits under the system on July 9, 1975, shall be entitled to purchase credited service in the system for a period not to exceed three (3) years for service rendered by the member in the Armed Forces of the United States prior to the member's employment in a position covered by a state-supported retirement system, but only if the person:

- (1) Has ten (10) years of credited service with the retirement system;
- (2) Received an honorable discharge from the Armed Forces;
- (3) Is not receiving federal military service retirement pay based upon nineteen (19) or more years of active duty, but disability federal retirement pay shall not disqualify a member from purchasing credit; and
- (4) Contributes to the member's deposit account a sum of money equal to the amount he would have contributed to the account had he been a member during his term of military service. This amount shall be based upon his monthly contribution at the time he first became a member of the retirement system and interest thereon at the rate of six percent (6%), together with an amount equal to the employer matching contribution and

interest thereon at the rate of six percent (6%), which interest shall commence January 1, 1976, or six (6) months after eligibility, whichever is later. For purposes of this section, 'service rendered' shall include accumulated unused leave time."

SECTION 2. (a) The provisions of this act shall be retroactive to July 1, 1987.

(b) Any person who has retired from the system on or after July 1, 1987, may purchase service credit for unused leave time and upon payment, shall be entitled to recalculation of their retirement benefits with the additional service credit under the provisions of the law under which they were retired, including Ark. Code §24-3-216 and §24-4-732.

(c) The system may make a lump sum settlement for any difference in annuity payment owing the retiree for benefits paid after retirement and prior to recalculation and payment of benefits under this act.

SECTION 3. All provisions of this act of a general and permanent nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.

SECTION 4. 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 state law on purchase of military service for service credit in the Arkansas Public Employees' Retirement System is unclear; that as administrations change through the years, varying interpretations could give rise to inequities among those retirees of the system; and that this act is intended to alleviate any misinterpretations of available service credit for current and future retiree and to do so must become effective immediately upon passage. Therefore, an emergency is hereby declared to exist and this act being necessary for the preservation of the public health, welfare and safety shall become effective immediately upon passage.

