

State of Arkansas

77th General Assembly

A Bill

SENATE BILL

Third Extraordinary Session, 1989

CALL ITEM 71

By: Senators C. Bell, Moore, Wilson, Bookout, Jewell, Dowd, Gibson, Miles,
Ingram, Bearden, and Hopkins

For An Act To Be Entitled

"AN ACT TO AMEND TITLE 24, CHAPTERS 3, 5, 6 AND 7 OF THE
ARKANSAS CODE OF 1987 TO CHANGE THE BENEFIT FORMULA FOR THE
STATE SUPPORTED RETIREMENT SYSTEMS; TO SET THE EMPLOYER
CONTRIBUTION RATE; TO CHANGE THE MULTIPLIER FOR ACTIVE
MEMBERS; AND FOR OTHER PURPOSES."

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

SECTION 1. Ark. Code 24-7-401(c)(1) is hereby amended to read as
follows:

"(c)(1) The financial objective of this act shall be maintained for each
fiscal year and the state employer contribution rate shall be expressed as a
percent of active member payroll for each fiscal year. The state employer
contribution rate shall be established for a two year period, for fiscal years
beginning July 1, 1989, and later, by the General Assembly upon the advice of
the Joint Interim Committee on Retirement and Social Security Programs. In
determining such advice the Joint Interim Committee on Retirement and Social
Security Programs shall use the following input: the recommendation of the
board based upon consultation with the board's actuary and information
furnished by an actuary retained by the committee. The employer contribution
rate shall be such that the amortization period for all unfunded liability
shall not exceed thirty-five (35) years."

SECTION 2. Ark. Code 24-3-103(c) is hereby amended to read as follows:

"(c) The employer contribution rates to the named plans shall be the
following percents of active member payroll:

Contributions
Percents of
Active Member

Named Plan	Payroll
Arkansas Teacher Retirement System	13
Arkansas Public Employees' Retirement System	
State Division	11.02
County	7.02
Municipal	7.02
School	5.02
Arkansas State Police Retirement System	24.15"

SECTION 3. Ark. Code 24-3-201(e) (1) is hereby amended to read as follows:

"(e) (1) 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 supported wholly or in part by employer contributions, the difference between one and eighty-five hundredths percent (1.85%) of his final average pay and one and one-quarter percent (1.25%) of his social security primary benefit, plus, for each year of credited service resulting from employment in a position never so covered, one and eighty-five-hundredths percent (1.85%) of his final average pay."

SECTION 4. Ark. Code 24-4-601(a) is hereby amended to read as follows:

"(a) Any member who retires, as provided in 24-4-507 - 24-4-512, shall receive a straight life annuity equal to one and eighty-five-hundredths percent (1.85%) of his average compensation multiplied by the number of years, and fraction of a year, of credited service with the system."

SECTION 5. Ark. Code 24-5-115(a) (1) is hereby amended to read as follows:

"(a) (1) Members retired for the reasons set forth in 24-5-112, 24-5-113, and 24-5-114 shall be eligible for annual retirement benefits based on two percent (2%) of their average compensation, as defined in 24-5-101, limited to the amount upon which contributions, including supplemental contributions under the provisions of 24-5-108(b) have been made, times the number of years of creditable service in the Arkansas State Highway Employees'

Retirement System."

SECTION 6. Ark. Code 24-6-214(a) is hereby amended to read as follows:

"(a) Upon his retirement as provided in this subchapter, a member shall receive a straight life pension equal to the following sum: Two and eight thousand, eight hundred, fifty-five ten-thousandths percent (2.8855%) of his final average salary multiplied by the number of years, and any fraction of a year, of his credited service not to exceed twenty (20) years, plus the sum of two and two thousand, six hundred, eighty-four ten-thousandths percent (2.2684%) of his final average salary multiplied by the number of years, and any fraction of a year, of his credited service in excess of twenty (20) years but not in excess of twenty-five (25) years, plus one and one thousand, three hundred forty-two ten-thousandths percent (1.1342%) of his final average salary multiplied by the number of years, and any fraction of a year, of his credited service in excess of twenty-five (25) years but not in excess of thirty (30) years."

SECTION 7. Ark. Code 24-7-705(a) (5) is hereby amended to read as follows:

"(5) For payment periods January 1, 1990, and later, the total of subdivisions (1), (2), (3), and (4) of this subsection shall be not less than his number of years of credited service multiplied by not less than one and seventy-five-hundredths percent (1.75%) nor more than one and eight-tenths percent (1.8%) of his final average salary, the percentage to be established by the board at the highest rate that will not require employer contributions to exceed thirteen percent (13%) nor result in the system having unfunded liabilities in excess of thirty-five (35) years;"

SECTION 8. Ark. Code 24-7-705(a) (6) is hereby amended to read as follows:

"(6) For payment periods January 1, 1990, and later, not less than one and one-tenth percent (1.1%) nor more than one and thirteen-hundredths percent (1.13%) of his final average salary multiplied by his number of years of credited service rendered after June 30, 1986, and for which no member contributions were made as provided in §24-7-406, the percentage to be established by the board at the highest rate that will not result in the

system having unfunded liabilities in excess of thirty-five (35) years;"

SECTION 9. Persons receiving benefits as of December 31, 1989, from the Public Employees Retirement System, Teacher Retirement System, State Highway Employees' Retirement System or the State Police Retirement System, or more than one of these systems, shall, for payment periods beginning January 1, 1990 and later, receive an additional benefit increase in the amount of three percent (3%) of their December 1989 actual benefit payment. Any other provisions to the contrary notwithstanding, such increase amount shall be added into and become part of "the amount of the benefit otherwise payable" for the purpose of determining benefit amounts payable January 1, 1990 and later.

SECTION 10. 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 11. All laws and parts of laws in conflict with this act are hereby repealed.

SECTION 12. EMERGENCY. It is hereby found and determined by the General Assembly that annuities now being paid to retired public employees from the state supported retirement systems are insufficient to afford an adequate standard of living, that the benefit formula for the retirement systems should be increased to provide for increased benefits, and that the increase in retirement annuities is needed at the earliest possible time. Therefore, an emergency is hereby declared to exist and this act, being necessary for the immediate preservation of the public peace, health, and safety, shall be in full force and effect on and after January 1, 1990.