

1 State of Arkansas
2 80th General Assembly
3 Regular Session, 1995

A Bill

HOUSE BILL 1397

4 By: Representatives Bryant and Hendren

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For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE 24-10-602 TO AUTHORIZE
9 POLITICAL SUBDIVISIONS TO CHOOSE BETWEEN TWO BENEFIT
10 PROGRAMS UNDER THE LOCAL POLICE AND FIRE RETIREMENT SYSTEM
11 LAW; TO AMEND ARKANSAS CODE 24-10-404 TO PROVIDE THAT
12 MEMBERS CONTRIBUTIONS UNDER LOPFI IS SIX PERCENT (6%) IF
13 THE COVERED EMPLOYMENT IS COVERED BY SOCIAL SECURITY AND
14 THE POLITICAL SUBDIVISION HAS ELECTED BENEFIT PROGRAM TWO;
15 AND FOR OTHER PURPOSES."

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Subtitle

18 "AUTHORIZE POLITICAL SUBDIVISIONS TO
19 CHOOSE BETWEEN TWO BENEFIT PROGRAMS
20 UNDER LOPFI SYSTEM LAW."

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

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24 SECTION 1. Arkansas Code 24-10-602 is amended to read as follows:

25 "§ 24-10-602. Annuity generally.

26 (a) Upon a member's retirement, he shall receive an annuity for life
27 in accordance with the applicable benefit program elected by his employer, as
28 follows:

29 (1) Benefit Program 1.

30 (A) For each year of paid service resulting from
31 employment in a position not also covered by social security, two percent
32 (2%) of his final average pay; plus

33 (B) For each year of paid service resulting from
34 employment in a position also covered by social security, one percent (1%) of
35 his final average pay.

1 (C)(i) In addition, if the member is retiring as provided
 2 in §24-10-604, §24-10-605, or §24-10-606, and if the member's age at
 3 retirement is less than social security's minimum age for an immediate
 4 retirement benefit and age sixty-two (62) years, then the member shall
 5 receive a temporary annuity equal to one percent (1%) of his final average
 6 pay for each year of paid service resulting from employment in a position
 7 also covered by social security.

8 (ii) The temporary annuity shall terminate at the
 9 end of the calendar month in which the earliest of the following events
 10 occur:

- 11 (a) The member's death;
- 12 (b) His attainment of the social security
 13 minimum age; or
- 14 (c) His attainment of age sixty-two (62)
 15 years.

16 (2) Benefit Program 2.

17 (A) For each year of paid service resulting from
 18 employment in a position not also covered by social security, two percent
 19 (2%) of his final average pay, plus

20 (B) For each year of paid service, rendered on or after
 21 the election date of benefit program 2, resulting from employment in a
 22 position also covered by social security, two percent (2%) of his final
 23 average pay.

24 (C) For each year of paid service, rendered before the
 25 election date of benefit program 2, resulting from employment in a position
 26 also covered by social security, one percent (1%) of his final average pay.

27 (D)(i) In addition, if the member is retiring as provided
 28 in §24-10-604, §24-10-605, or §24-10-606, and if the member's age at
 29 retirement is less than social security's minimum age for an immediate
 30 retirement benefit and age sixty-two (62) years, then the member shall
 31 receive a temporary annuity equal to one percent (1%) of his final average
 32 pay for each year of paid service, rendered before the election date of
 33 benefit program 2, resulting from employment in a position also covered by
 34 social security.

35 (ii) The temporary annuity shall terminate at the

1 end of the calendar month in which the earliest of the following events
 2 occur:

- 3 (a) the member_s death;
- 4 (b) his attainment of the social security
 5 minimum age; or
- 6 (c) his attainment of age sixty-two (62)
 7 years.

8 (E) A member who has paid service, rendered before the
 9 election date of benefit program 2, resulting from employment in a position
 10 also covered by social security, may have said paid service treated as though
 11 the paid service had been rendered after the election date of benefit program
 12 2, by paying to the system by a single contribution or by an increased rate
 13 of contributions, as approved by the board, the amounts which the member
 14 would have contributed under §24-10-404 if said paid service had resulted
 15 from employment in a position not also covered by social security, together
 16 with regular interest to the date of payment.

17 (3) In no event shall the total of the amounts computed pursuant
 18 to subsections (1) and (2) of this subsection exceed, at the time of
 19 retirement, eighty percent (80%) of the final average pay, plus the amounts
 20 provided in subsection (4) for volunteer service.

21 (4)(A) For retirements effective before July 1, 1991, annuity
 22 amounts based upon volunteer service shall be in accordance with system
 23 provisions in force before July 1, 1991.

24 (B) For retirements effective July 1, 1991, and the twelve
 25 (12) calendar months thereafter, the monthly annuity amount for each year of
 26 volunteer service shall be three dollars (\$3.00), to a maximum of one hundred
 27 twenty dollars (\$120) monthly for all volunteer service.

28 (C) For retirements effective in the twelve (12) calendar
 29 months beginning July 1 thereafter, the monthly annuity amount for each year
 30 of volunteer service shall be three dollars (\$3.00), increased by any
 31 percentage increase in the inflation index for the period from December 1990
 32 to the December immediately preceding the July 1, to a maximum for all
 33 volunteer service of one hundred twenty dollars (\$120) monthly similarly
 34 increased by any percentage increase in the inflation index.

35 (b) If each portion of a member_s credited service is not covered by

1 the same benefit program, then his total annuity for life shall be the total
 2 of the annuity for life determined under each applicable benefit program.

3 (c) Each employer shall have the credited service of each of its
 4 members covered by benefit program 1 provided for in this section unless such
 5 employer shall have elected another benefit program provided for in this
 6 section.

7 (d) Each political subdivision may, by majority vote of its governing
 8 body, elect from time to time to cover its members who retire in the future
 9 under one of the benefit programs provided for in this section. The clerk of
 10 or secretary of the governing body of the political subdivision shall
 11 certify, in a manner and form acceptable to the board, the election of the
 12 benefit program to the board within ten (10) days of the vote. The effective
 13 date of the political subdivision's benefit program is the first day of the
 14 calendar month specified by such governing body, or the first day of the
 15 calendar month next following receipt by the board of the certification of
 16 election of benefit program, or the effective date of the political
 17 subdivision becoming an employer, whichever is the latest date. Such
 18 election of benefit program may be changed from time to time by such vote,
 19 but not more often than biennially. If such changed benefit program provides
 20 smaller annuities for life than the benefit program previously in effect,
 21 then such changed benefit program shall be applicable only to credited
 22 service for employment rendered from and after the effective date of such
 23 change.

24 (e) Should an employer change its election of benefit program as
 25 provided in this section, the employer contributions shall be correspondingly
 26 changed effective the same date as the benefit program change.

27 (f) The limitation on increases in an employer's contribution provided
 28 by subsection (h) of §24-10-405 shall not apply to any contribution increase
 29 resulting from an employer electing a benefit program which provides larger
 30 annuities."

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32 SECTION 2. Arkansas Code 24-10-404(b)(1) is amended to read as
 33 follows:

34 "(b)(1) If a member's covered employment is not also covered by social
 35 security, or if his covered employment is also covered by social security and

1 his political subdivision has elected benefit program 2 as provided in §24-
2 10-602, and if he is receiving pays resulting in paid service credit, his
3 contributions to the system shall be six percent (6%) of his pays."
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5 SECTION 3. All provisions of this act of a general and permanent
6 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
7 Code Revision Commission shall incorporate the same in the Code.
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9 SECTION 4. If any provision of this act or the application thereof to
10 any person or circumstance is held invalid, such invalidity shall not affect
11 other provisions or applications of the act which can be given effect without
12 the invalid provision or application, and to this end the provisions of this
13 act are declared to be severable.
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15 SECTION 5. All laws and parts of laws in conflict with this act are
16 hereby repealed.
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