

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

A Bill

HOUSE BILL 1495

4 By: Representative Mullenix

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For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE §§ 24-11-434 TO ALLOW
9 MUNICIPAL POLICE PENSION FUNDS TO EXTEND THE PERIOD FOR
10 THE DEFERRED RETIREMENT OPTION PLAN FROM FIVE (5) YEARS TO
11 A MAXIMUM OF TEN (10) YEARS OF ADDITIONAL SERVICE; AND FOR
12 OTHER PURPOSES."

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Subtitle

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

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22 SECTION 1. Arkansas Code § 24-11-434 is amended to read as follows:

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"24-11-434. Deferred retirement option plan.

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(a) In lieu of terminating employment and accepting a service
25 retirement pension pursuant to §§ 24-11-401 et seq., any police officer who
26 is a member of a policemen_s pension and relief fund who has not less than
27 twenty (20) years of credited service and who is eligible to receive a
28 service retirement pension may elect to participate in the Arkansas Police
29 Officers_ Deferred Option Plan and defer the receipt of benefits in
30 accordance with the provisions of this section, provided the local
31 policemen_s pension and relief fund board of trustees approves the
32 participation in the plan.

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(b) For purposes of this section, credited service shall include
service credit recognized pursuant to §§ 24-11-401 et seq.

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(c) The duration of participation in the Arkansas Police Officers_

1 Deferred Option Plan for active police officers shall not exceed five (5)
2 years. At the conclusion of a member_s participation in the Arkansas Police
3 Officers_ Deferred Option Plan, the member shall terminate employment with
4 all participating municipalities as a police officer and shall start
5 receiving the member_s accrued monthly retirement benefit from the
6 policemen_s pension and relief fund. The five (5) year limit may be extended
7 if:

8 (1) the extension does not cause the limit to exceed ten (10)
9 years; and

10 (2) the extension applies to all active members and all members
11 on the deferred retirement option plan; and

12 (3) the extension is approved by a majority of vote of the board
13 of trustees of the pension and relief fund, or of the Arkansas Local Police
14 and Fire Retirement System for funds whose administrative responsibility has
15 been assigned to the Arkansas Local Police and Fire Retirement System as
16 provided in subsection (b) of § 24-11-406; and

17 (4) the interest credited after the first five (5) years on the
18 deferred retirement option plan shall be two (2) percentage points below the
19 rate of return of the investment portfolio of the fund, and shall not be
20 determined under subdivision (e)(2) of this section; and

21 (5) *the extension is approved by a majority vote of the*
22 *governing body of the sponsoring municipality.*

23 (d) When a member begins participation in the Arkansas Police
24 Officers_ Deferred Option Plan, the contribution of the police officer and
25 the employer contribution shall continue to be paid. Municipal matching
26 contributions for employees who elect the Arkansas Police Officers_ Deferred
27 Option Plan shall be credited equally to the policemen_s pension and relief
28 fund and to the Arkansas Police Officers_ Deferred Option Plan. The monthly
29 retirement benefits that would have been payable had the member elected to
30 cease employment and receive a service retirement shall be paid into the
31 Arkansas Police Officers_ Deferred Option Plan account.

32 (e)(1) The member_s monthly retirement benefit shall not change,
33 unless the plan receives a benefit increase.

34 (2) A member who participates in this plan shall earn interest
35 at a rate of two (2) percentage points below the rate of return of the

1 investment portfolio of the policemen_s pension and relief fund but no less
2 than the actuarial assumed interest rate as certified by the actuary. The
3 interest shall be credited to the individual account balance of the member on
4 an annual basis.

5 (f) A participant in the plan shall receive, at the option of the
6 participant, a lump sum payment from the account equal to the payments to the
7 account or a true annuity based upon the account of the participant or may
8 elect any other method of payment if approved by the board of trustees.

9 (g) If the participant dies during the period of participation in the
10 plan, a lump sum payment equal to the account balance of the participant
11 shall be paid.

12 (h) *Participants in the Arkansas Police Officers Deferred Option Plan*
13 *shall not receive any benefits under the Arkansas Police Officers Deferred*
14 *Option Plan unless they participate in the plan for a minimum of one (1)*
15 *year, absent death or disability.*

16 (i) *Participants in the Arkansas Police Officers Deferred Option Plan*
17 *subject to the extended ten (10) year service limit shall forfeit a portion*
18 *of the extended service benefits earned under the Arkansas Police Officers*
19 *Deferred Option Plan beyond the first five (5) years of participation, should*
20 *the participant terminate employment during the extended service time, absent*
21 *death or disability, as follows:*

22 (1) *Forfeit eighty percent (80%) if termination occurs in the*
23 *sixth (6th) year of participation;*

24 (2) *Forfeit sixty percent (60%) if termination occurs in the*
25 *seventh (7th) year of participation;*

26 (3) *Forfeit forty percent (40%) if termination occurs in the*
27 *eighth (8th) year of participation;*

28 (4) *Forfeit twenty percent (20%) if termination occurs in the*
29 *ninth (9th) year of participation."*

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31 SECTION 2. All provisions of this act of general and permanent nature
32 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
33 Revision Commission shall incorporate the same in the Code.

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35 SECTION 3. If any provisions of this act or the application thereof to

1 any person or circumstance is held invalid, the invalidity shall not affect
2 other provisions or applications of the act which can be given effect without
3 the invalid provisions or application, and to this end the provisions of this
4 act are declared to be severable.

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6 SECTION 4. All laws and parts of laws in conflict with this act are
7 hereby repealed.

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/s/Rep. Mullenix

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