

Stricken language would be deleted from present law. Underlined language would be added to present law.

1 State of Arkansas
2 81st General Assembly
3 Regular Session, 1997
4

As Engrossed: S2/6/97 S2/11/97 S3/12/97

A Bill

SENATE BILL 260

5 By: Senators Harriman, Beebe, Malone and Hopkins
6 By: Representative Wilkinson
7

For An Act To Be Entitled

9 "AN ACT TO ESTABLISH THE ARKANSAS PUBLIC EMPLOYEES'
10 RETIREMENT SYSTEM - DEFERRED RETIREMENT OPTION PLAN; TO
11 PRESCRIBE INTEREST RATES TO BE EARNED ON MEMBER'S
12 ACCOUNTS; TO DECLARE AN EMERGENCY; AND FOR OTHER
13 PURPOSES."

Subtitle

15 "TO ESTABLISH THE ARKANSAS PUBLIC
16 EMPLOYEES' RETIREMENT SYSTEM - DEFERRED
17 RETIREMENT OPTION PLAN."
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19
20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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22 SECTION 1. (a) In lieu of terminating employment and accepting a
23 retirement benefit under the Arkansas Public Employees' Retirement System
24 (PERS) pursuant to Title 24, Chapters 2 and 3 of the Arkansas Code of 1987,
25 any person who is a member of the Arkansas Public Employees' Retirement System
26 and who meets the conditions specified in the subsection (b) may elect to
27 participate in the PERS-Deferred Retirement Option Plan and to defer the
28 receipt of retirement benefits in accordance with the provisions of this act.

29 (b) The minimum conditions required for participation in the
30 PERS-Deferred Retirement Option Plan are that the member must have at least
31 thirty (30) years of actual service in the Arkansas Public Employees'
32 Retirement System.
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34 SECTION 2. (a) When a member of the Public Employees' Retirement
35 System elects participation in the PERS-Deferred Retirement Option Plan, the
36 member shall fill out an application form as developed by the PERS Board of

1 Trustees. The member's application shall be reviewed to determine whether or
2 not the member meets the eligibility requirements specified in this act. The
3 member's deferred retirement option date shall be the later of:

4 (1) the first day of the second month following the PERS
5 determination that the member is eligible for PERS-Deferred Retirement Option
6 Plan participation; or

7 (2) the date requested by the member on the application.

8 (b) A member who elects participation in the PERS-Deferred Retirement
9 Option Plan may elect one (1) of the annuity options provided in Arkansas Code
10 § 24-3-203. The election shall be deemed to apply to the member's deferred
11 retirement option plan benefit as well as to the members monthly retirement
12 benefit from the Public Employees' Retirement System at the time it becomes
13 payable.

14 (c) The election to participate in the PERS-Deferred Retirement Option
15 Plan is irrevocable and the duration of participation in the PERS-Deferred
16 Retirement Option Plan for active members shall not exceed five (5) years.
17 Under no circumstances shall a member receive service credit under any state
18 supported retirement system during a period of participation or following a
19 period of such participation in the PERS-Deferred Retirement Option Plan.

20 (d) When a member begins participation, both employee and employer
21 contributions to the Arkansas Public Employees' Retirement System on behalf of
22 the member shall cease.

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24 SECTION 3. (a) The member's deferred benefit shall be the monthly
25 benefit to which the member would have been entitled if the member had
26 actually retired on the member's deferred retirement option date with regard
27 to the provisions of the Arkansas Code § 24-3-203 related to annuity options.

28 (b) The member's deferred option account shall be the account in which
29 shall be accumulated the member's deferred option contributions, plus
30 interest. The PERS-deferred option contributions shall be a percentage of the
31 PERS-deferred option benefit. The percentage is one hundred percent (100%) of
32 the benefit reduced by a set percentage to be determined in accordance with
33 the rules and regulations of the PERS Board of Trustees as appropriate to
34 maintain a goal of zero-cost to the System. The contribution amount shall be
35 as calculated by the PERS Board of Trustees. After the contribution is
36 calculated, the member shall be informed of the amount of his deferred option

1 contribution and informed that his selection of the deferred retirement
2 option, the time of the retirement deferral, and the selection of the
3 retirement annuity are irrevocable.

4 (c) The interest on contributions to the member's deferred option
5 account shall be credited to the individual account balance of the member on
6 an annual basis at the end of each fiscal year. The PERS Board of Trustees
7 shall determine the rate of interest to be credited to each member's deferred
8 option account with interest to be paid on the mean balance in the account for
9 the fiscal year.

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11 SECTION 4. (a) The member's participation in the PERS-Deferred
12 Retirement Option Plan shall cease at the time the member separates from
13 service, and is granted a monthly retirement benefit by the Board of Trustees.

14 (b)(1) When the members participation in the PERS-Deferred Retirement
15 Option Plan ceases, the member may elect to receive the balance in the
16 deferred option account as a lump sum or as a monthly benefit paid in the form
17 elected by the member for payment of the deferred retirement benefit. The
18 Board of Trustees shall determine factors to be used for the conversion of
19 deferred option account balances to monthly amounts.

20 (2) Further, when the members participation in the PERS-Deferred
21 Retirement Option Plan ceases, the Board of Trustees shall cause the members
22 annuity benefit to be paid directly to the member in the form of regular
23 monthly amounts in the same amount and manner as would have been the case if
24 the member had retired on the deferred retirement option date, and had made
25 the same election pursuant to Arkansas Code § 24-3-203 that was made on or
26 before the deferred retirement option date.

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28 SECTION 5. (a) In the event that a PERS-Deferred Retirement Option
29 Plan participant dies, the benefits payable from the Public Employees'
30 Retirement System shall be determined as though the participant had separated
31 from service and been found eligible for monthly benefits by the Board of
32 Trustees on the day prior to the death, with death following immediately
33 thereafter.

34 (b) In the event that a PERS Deferred Retirement Option Plan
35 participant applies for benefits from the Arkansas Public Employees'
36 Retirement System pursuant to Arkansas Code § 24-3-208 related to disability

1 retirement, the application shall be treated as an application for voluntary
2 retirement pursuant to Arkansas Code § 24-3-201 and no benefits other than
3 those that would be payable without regard to the disability shall become
4 payable.

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6 SECTION 6. No benefit enhancement provided for by this act shall be
7 implemented if it would cause the publicly supported retirement system's
8 unfunded actuarial accrued liabilities to exceed a thirty (30) year
9 amortization. No benefit enhancement provided for by this act shall be
10 implemnted by any publicly supported system which has unfunded actuarial
11 accrued liabilities being amortized over a period exceeding thirty (30) years
12 until the unfunded actuarial accrued liabilty is reduced to a level less than
13 the standards prescribed by Arkansas Code §§ 24-1-101, et seq.

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15 SECTION 7. All provisions of this act of general and permanent nature
16 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
17 Revision Commission shall incorporate the same in the Code.

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19 SECTION 8. If any provisions of this act or the application thereof to
20 any person or circumstance is held invalid, the invalidity shall not affect
21 other provisions or applications of the act which can be given effect without
22 the invalid provisions or application, and to this end the provisions of this
23 act are declared to be severable.

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25 SECTION 9. All laws and parts of laws in conflict with this act are
26 hereby repealed.

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28 SECTION 10. EMERGENCY. It is hereby found and determined by the
29 Eighty-First General Assembly of the State of Arkansas that the retention of
30 experienced public employees for state government and for county and municipal
31 governments are beneficial to the administration of government in Arkansas and
32 with the increased longevity of people in general, public employees are
33 capable of working longer and qualified and experienced employees are reaching
34 retirement eligibility earlier in their careers. Immediate passage of the act
35 is essential to the efficient administration of government in Arkansas and
36 immediate implementation of the provisions of this act is necessary to

1 maintain experienced public employees in the ranks of state and local
2 government. Therefore, an emergency is declared to exist and this act being
3 immediately necessary for the preservation of the public peace, health and
4 safety shall become effective on the date of its approval by the Governor. If
5 the bill is neither approved nor vetoed by the Governor, it shall become
6 effective on the expiration of the period of time during which the Governor
7 may veto the bill. If the bill is vetoed by the Governor and the veto is
8 overridden, it shall become effective on the date the last house overrides the
9 veto.

10 /s/Harriman et al

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