

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

# A Bill

SENATE BILL 415

4  
5 By: Senator Everett

## For An Act To Be Entitled

9 "AN ACT TO AMEND ARKANSAS CODE § 24-3-214 TO ELIMINATE THE  
10 COVERAGE UNDER THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM FOR  
11 MEMBERS OF THE GENERAL ASSEMBLY ELECTED AFTER JANUARY 1,  
12 1998 AND TO ALLOW CURRENT MEMBERS TO ELECT NOT TO BE  
13 COVERED; TO PROVIDE FOR THE ESTABLISHMENT OF THE GENERAL  
14 ASSEMBLY RETIREMENT PLAN AND TO PRESCRIBE SOME POLICIES  
15 AND GUIDELINES FOR THE PLAN; AND FOR OTHER PURPOSES."

## Subtitle

17  
18 "TO ELIMINATE THE COVERAGE UNDER THE  
19 PERS FOR MEMBERS OF THE GENERAL ASSEMBLY  
20 ELECTED AFTER JANUARY 1, 1998 AND  
21 PROVIDE FOR THE ESTABLISHMENT OF THE  
22 GENERAL ASSEMBLY RETIREMENT PLAN."

23  
24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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26 SECTION 1. Subsection (b) of Arkansas Code § 24-3-214, regarding the  
27 applicability of benefit provisions of the Public Employees Retirement System  
28 to certain employees, is amended to read as follows:

29 "(b)(1) The benefit provisions of this chapter shall be applicable to  
30 each person who has never been a member of a named plan before January 1,  
31 1978, and who is employed on or after January 1, 1978, in a position covered  
32 by a named plan and who thereby becomes a member, except if the person becomes  
33 a member of the General Assembly on or after January 1, 1998 or is a member of  
34 the General Assembly before January 1, 1998 and elects to participate in only  
35 the contributory General Assembly Retirement Plan.

36 (2) In addition, each other member who was actively employed in a

1 position covered by a named plan on June 30, 1991, may elect to become covered  
 2 by the benefit provisions of this chapter by written application to, and  
 3 received by, the governing body of the plan before January 1, 1985.

4 (3)(A)(i) Each other member who was not actively employed in a  
 5 position covered by a named plan on January 1, 1978, shall become covered by  
 6 the benefit provisions of this chapter at the time he first becomes so  
 7 employed after January 1, 1978, unless he elects to become covered by the  
 8 provisions of his named plan which require member contributions, by written  
 9 election to, and received by, the governing body of the named plan before the  
 10 later of January 1, 1986, and six (6) months after he first becomes so  
 11 employed after January 1, 1978.

12 (ii) However, if the member so elects benefits  
 13 requiring member contributions, he shall pay the member contributions from the  
 14 date of such employment, together with named plan regular interest, from the  
 15 dates the contributions would normally have been received by the named plan to  
 16 the dates of actual payment.

17 (B)(i) The benefits of each member's becoming covered by  
 18 the benefit provisions of this chapter shall be computed by applying the  
 19 benefit provisions prescribed by this chapter for all credited service of the  
 20 person rendered before and after January 1, 1978.

21 (ii) However, benefit amounts based upon employment  
 22 before January 1, 1978, shall not be less than benefit amounts computed in  
 23 accordance with named plan benefit provisions at the time of retirement which  
 24 require member contributions.

25 (4) On or after January 1, 1998, each member of the General  
 26 Assembly shall no longer be covered by the benefit provision of this chapter  
 27 and a member of the General Assembly before January 1, 1998 may elect to no  
 28 longer be covered by the provisions of this chapter if he, by written election  
 29 to, and received by, the governing body of the named plan informs them that he  
 30 or she has decided to not be covered."

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32 SECTION 2. Subchapter 2 of Title 24, Chapter 3 of the Arkansas Code of  
 33 1987, Annotated, is amended to add a new § 24-3-219 to read as follows:

34 "24-3-219. Conversion from noncontributory to General Assembly  
 35 contributory plan.

36 Any member of the General Assembly who elects to no longer be covered

1 under the noncontributory plan of the Arkansas Public Employees' Retirement  
 2 System prior to January 1, 1998, §§ 24-3-102, 24-3-201 - 24-3-203, 24-3-206,  
 3 24-3-207, 24-3-209, 24-3-211 [repealed], 24-3-214, 24-3-302, 24-3-303, or any  
 4 other act, may convert from the noncontributory plan to the contributory  
 5 General Assembly Retirement Plan at any time prior to June 30, 2004. The  
 6 member must make a written election to be covered and sign a necessary  
 7 application for withdrawal of contributions from his or her legislative salary  
 8 for deposit to the General Assembly Retirement Plan. The Board of Trustees of  
 9 the General Assembly Retirement Plan shall be authorized to prescribe any  
 10 necessary rules and regulations to provide for the conversion from one plan to  
 11 the other."

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13 SECTION 3. Chapter 3 of Title 24 of the Arkansas Code of 1987,  
 14 Annotated, is amended to add a new Subchapter 5, the General Assembly  
 15 Retirement Plan, to read as follows:

16 "Subchapter 5 - The General Assembly Retirement Plan

17 24-3-501. Definitions.

18 As used in this subchapter, unless the context otherwise requires:

19 (1) State means the State of Arkansas;

20 (2) General Assembly Retirement Plan means a retirement plan based on  
 21 the purchase of contracts providing retirement and death benefits for the  
 22 members of the General Assembly and which has been approved by the board;

23 (3) Board of Trustees or Board means the Board of Trustees for the  
 24 Arkansas Public Employees' Retirement System;

25 (4) General Assembly means the General Assembly of the State of  
 26 Arkansas, the Senate and the House of Representatives;

27 (5) Director means the Director of the Public Employees' Retirement  
 28 System;

29 (6) Members means the elected public officials of the Arkansas General  
 30 Assembly, Representatives or Senators, who are elected and serve on or after  
 31 January 1, 1998 or who already are serving on January 1, 1998 and who have  
 32 chosen to be covered under the General Assembly Retirement Plan;

33 (7) Retirement system means the Public Employees' Retirement System.

34 24-3-502. Provisions of subchapter controlling.

35 Insofar as the provisions of this subchapter are, or may be,  
 36 inconsistent with the provisions of any other general or special act, the

1 provisions of this subchapter shall be controlling.

2 24-3-503. Establishment and administration of plan.

3 (a) The Board may establish and maintain a contributory retirement plan  
4 for members of the General Assembly to be named the General Assembly  
5 Retirement Plan. The Board shall authorize the purchase of contracts providing  
6 retirement and death benefits for members of the General Assembly under the  
7 General Assembly Retirement Plan.

8 (b) Under the plan, members shall contribute, to the extent authorized,  
9 toward the purchase of the contract, which shall be issued to and become the  
10 property of the member participants.

11 (c) The General Assembly Retirement Plan shall be administered by the  
12 Board pursuant to a written retirement plan document, which shall be formally  
13 adopted by the Board prior to the establishment of the General Assembly  
14 Retirement Plan.

15 (d) The Board shall have the authority to administer the Plan  
16 established pursuant to this subchapter and to perform or authorize the  
17 performance of all such functions as may be reasonably appropriate in its  
18 administration.

19 24-3-504. Methods of providing benefits - Agent for service of process.

20 (a) The General Assembly Retirement Plan shall be a separate system or  
21 fund from the Public Employees' Retirement System.

22 (b) The benefits to be provided for or on behalf of members under the  
23 General Assembly Retirement Plan may be provided through insurance policies or  
24 annuity contracts, both fixed and variable in nature, or a combination  
25 thereof, as specified in the plan. Those insurance policies and annuity  
26 contracts may be obtained from any insurance company authorized to do business  
27 in this state or from any nonprofit companies organized and operated  
28 exclusively for the purpose of issuing insurance or annuity contracts.

29 24-3-505. Approval of companies and contracts.

30 (a) The Board shall approve the companies from which contracts are to  
31 be purchased under the General Assembly Retirement Plan and shall approve the  
32 form and contents of the contracts.

33 (b) In giving the approval, the Board shall give due consideration to:

34 (1) The nature and extent of the rights and benefits to be  
35 provided by the contracts for members and their beneficiaries;

36 (2) The relation of those rights and benefits to the amount of

1 contributions to be made pursuant to the provisions of this subchapter;

2 (3) The suitability of the rights and benefits to the needs of  
 3 the members and the interests of the General Assembly in providing a service  
 4 to its members for their public service; and

5 (4) The ability of the approved companies to provide the suitable  
 6 rights and benefits under the contracts.

7 24-3-506. Participation in plan.

8 Participation in the General Assembly Retirement Plan established  
 9 pursuant to this subchapter shall be as follows:

10 (1) All members may participate in the General Assembly Retirement  
 11 Plan, or they may elect not to participate;

12 (2) Any member who has become fully vested in the retirement system may  
 13 continue as both an inactive member of the retirement system and an active  
 14 member of the General Assembly Retirement Plan;

15 (3)(A) A member who chooses not to participate in the General Assembly  
 16 Retirement Plan shall give prior written notice of his election to not  
 17 participate in the Plan.

18 (B) The notice of election shall be in writing on a form  
 19 established by the Director and filed with both the General Assembly and the  
 20 Director.

21 24-3-507. Contributions.

22 (a) The member shall contribute to the General Assembly Retirement Plan  
 23 on their own behalf an amount equal to ten percent (10%) of their authorized  
 24 legislative salary.

25 (b) Payment of contributions by the members which are authorized by the  
 26 provisions of this section shall be made by the disbursing officer of the  
 27 General Assembly to the Director. The Board shall establish a procedure for  
 28 notifying the state official charged with paying the salaries of members,  
 29 which official shall cause members' contributions to be withheld and forwarded  
 30 to the Director."

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32 SECTION 4. All provisions of this act of general and permanent nature  
 33 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
 34 Revision Commission shall incorporate the same in the Code.

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36 SECTION 5. 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 6. All laws and parts of laws in conflict with this act are  
7 hereby repealed.

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