

1 State of Arkansas
2 82nd General Assembly
3 Regular Session, 1999

A Bill

HOUSE BILL 1498

4
5 By: Representative R. Smith
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For An Act To Be Entitled

8
9 "AN ACT TO AMEND ARKANSAS CODE 24-10-404 AND 24-10-602
10 PERTAINING TO LOPFI MEMBER BENEFITS; AND FOR OTHER
11 PURPOSES. "

Subtitle

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14 "AN ACT TO AMEND ARKANSAS CODE 24-10-404
15 AND 24-10-602 PERTAINING TO LOPFI MEMBER
16 BENEFITS; AND FOR OTHER PURPOSES. "

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

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

22 "(b)(1) If a member's covered employment is not also covered by social
23 security, or if his covered employment is also covered by social security and
24 his political subdivision has elected Benefit Program 2, as provided in § 24-
25 10-602, and if he is receiving pays resulting in paid service credit, his
26 contributions to the system shall be six percent (6%) of his pays. On and
27 after July 1, 1999 the six percent (6%) of pay member contribution shall be
28 reduced to zero percent (0%) of pay. The limitation on increases in an
29 employer's contribution provided by 24-10-405(h) shall not apply to any
30 contribution increase resulting from the decrease in member contributions on
31 and after July 1, 1999."

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33 SECTION 2. Arkansas Code 24-10-602 is amended to read as follows:

34 "24-10-602. Annuity generally.

35 (a) Upon a member's retirement, he shall receive an annuity for life ~~in~~
36 ~~accordance with the applicable benefit program elected by his employer, as~~

1 follows:

2 (1) For retirements effective before July 1, 1999, annuity
 3 amounts based upon paid service shall be in accordance with system provisions
 4 in force before July 1, 1999;

5 (2) For retirements effective on or after July 1, 1999, for each
 6 year of paid service, two percent (2%) of his final average pay;

7 ~~(1) Benefit program 1.~~

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

11 ~~(ii) For each year of paid service resulting from~~
 12 ~~employment in a position also covered by social security, one percent (1%) of~~
 13 ~~his final average pay.~~

14 ~~(B)(i) In addition, if the member is retiring, as provided~~
 15 ~~in § 24-10-604, § 24-10-605, § 24-10-606, or § 24-10-607, and if the member's~~
 16 ~~age at retirement is less than social security's minimum age for an immediate~~
 17 ~~retirement benefit and age sixty-two (62) years, then the member shall receive~~
 18 ~~a temporary annuity equal to one percent (1%) of his final average pay for~~
 19 ~~each year of paid service resulting from employment in a position also covered~~
 20 ~~by social security. The provisions of this section that allow a member who~~
 21 ~~retires as provided in § 24-10-607, whose employment was also covered by~~
 22 ~~social security, and who is thereby eligible for a temporary annuity, shall be~~
 23 ~~applied retroactively to all persons who retired under those circumstances on~~
 24 ~~or after October 1, 1989.~~

25 ~~(ii) The temporary annuity shall terminate at the end of~~
 26 ~~the calendar month in which the earliest of the following events occurs:~~

27 ~~(a) The member's death;~~

28 ~~(b) His attainment of the social security minimum~~
 29 ~~age; or~~

30 ~~(c) His attainment of age sixty-two (62) years.~~

31 ~~(iii) As a condition of awarding the temporary annuity for~~
 32 ~~members retiring under § 24-10-607, the board shall require the disabled~~
 33 ~~member to file any and all appropriate forms and pleadings with the Social~~
 34 ~~Security Administration, and pursue through the administrative process a~~
 35 ~~disability determination. The board shall condition the payment of the~~
 36 ~~temporary annuity that, in the event the disabled member is awarded disability~~

1 ~~benefits under the federal Social Security Act, the temporary annuity shall~~
 2 ~~terminate and that the member shall reimburse the system an amount equal to~~
 3 ~~the after-tax benefits received from social security for the period the member~~
 4 ~~has received the temporary annuity. Provided, that the amount of any~~
 5 ~~reimbursement shall not exceed the total amount of the actual payments~~
 6 ~~received by the member prior to the award of the social security disability~~
 7 ~~benefits.~~

8 ~~(2) Benefit Program 2.~~

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

12 ~~(ii) For each year of paid service, rendered on or~~
 13 ~~after the election date of Benefit Program 2, resulting from employment in a~~
 14 ~~position also covered by social security, two percent (2%) of his final~~
 15 ~~average pay.~~

16 ~~(B) For each year of paid service, rendered before the~~
 17 ~~election date of Benefit Program 2, resulting from employment in a position~~
 18 ~~also covered by social security, one percent (1%) of his final average pay.~~

19 ~~(C)(i) In addition, if the member is retiring, as provided~~
 20 ~~in § 24-10-604, § 24-10-605, § 24-10-606, or § 24-10-607, and if the member's~~
 21 ~~age at retirement is less than social security's minimum age for an immediate~~
 22 ~~retirement benefit and age sixty-two (62) years, then the member shall receive~~
 23 ~~a temporary annuity equal to one percent (1%) of his final average pay for~~
 24 ~~each year of paid service, rendered before the election date of Benefit~~
 25 ~~Program 2, resulting from employment in a position also covered by social~~
 26 ~~security. The provisions of this section that allow a member who retires as~~
 27 ~~provided in § 24-10-607, whose employment was also covered by social security,~~
 28 ~~and who is thereby eligible for a temporary annuity, shall be applied~~
 29 ~~retroactively to all persons who retired under those circumstances on or after~~
 30 ~~October 1, 1989.~~

31 ~~(ii) The temporary annuity shall terminate at the end~~
 32 ~~of the calendar month in which the earliest of the following events occurs:~~

33 ~~(a) The member's death;~~

34 ~~(b) His attainment of the social security~~
 35 ~~minimum age; or~~

36 ~~(c) His attainment of age sixty-two (62) years.~~

1 ~~(iii) As a condition of awarding the temporary~~
2 ~~annuity for members retiring under § 24-10-607, the board shall require the~~
3 ~~disabled member to file any and all appropriate forms and pleadings with the~~
4 ~~Social Security Administration, and pursue through the administrative process~~
5 ~~a disability determination. The board shall condition the payment of the~~
6 ~~temporary annuity that, in the event the disabled member is awarded disability~~
7 ~~benefits under the federal Social Security Act, the temporary annuity shall~~
8 ~~terminate and that the member shall reimburse the system an amount equal to~~
9 ~~the after-tax benefits received from social security for the period the member~~
10 ~~has received the temporary annuity. Provided, that the amount of any~~
11 ~~reimbursement shall not exceed the total amount of the actual payments~~
12 ~~received by the member prior to the award of the social security disability~~
13 ~~benefits.~~

14 ~~(D) A member who has paid service rendered before the~~
15 ~~election date of Benefit Program 2 resulting from employment in a position~~
16 ~~also covered by social security may have said paid service treated as though~~
17 ~~the paid service had been rendered after the election date of Benefit Program~~
18 ~~2 by paying to the system, by a single contribution or by an increased rate of~~
19 ~~contributions, as approved by the board, the amounts which the member would~~
20 ~~have contributed under § 24-10-404 if said paid service had resulted from~~
21 ~~employment in a position not also covered by social security, together with~~
22 ~~regular interest to the date of payment;~~

23 (3) In no event shall the ~~total of the amounts~~ amount
24 computed pursuant to subdivisions (a)(1) ~~and~~ or (2) of this section exceed, at
25 the time of retirement, eighty percent (80%) of the final average pay, plus
26 the amounts provided in subdivision (a)(4) of this section for volunteer
27 service;

28 (4)(A) For retirements effective before July 1, 1991,
29 annuity amounts based upon volunteer service shall be in accordance with
30 system provisions in force before July 1, 1991;;

31 (B)(i) For retirements effective July 1, 1991, and
32 the twelve (12) calendar months thereafter, the monthly annuity amount for
33 each year of volunteer service shall be three dollars (\$3.00), to a maximum of
34 one hundred twenty dollars (\$120) monthly for all volunteer service;; and

35 (ii) For retirements effective in the
36 twelve (12) calendar months beginning July 1 thereafter, the monthly annuity

1 amount for each year of volunteer service shall be three dollars (\$3.00),
2 increased by any percentage increase in the inflation index for the period
3 from December 1990 to the December immediately preceding the July 1, to a
4 maximum for all volunteer service of one hundred twenty dollars (\$120) monthly
5 similarly increased by any percentage increase in the inflation index.

6 ~~(b) If each portion of a member's credited service is
7 not covered by the same benefit program, then his total annuity for life shall
8 be the total of the annuity for life determined under each applicable benefit
9 program.~~

10 ~~(c) Each employer shall have the credited service of
11 each of its members covered by Benefit Program 1, as provided for in this
12 section, unless such employer shall have elected another benefit program
13 provided for in this section.~~

14 ~~(d)(1) Each political subdivision may, by majority
15 vote of its governing body, elect from time to time to cover its members who
16 retire in the future under one (1) of the benefit programs provided for in
17 this section.~~

18 ~~(2) The clerk or secretary of the governing body of
19 the political subdivision shall certify, in a manner and form acceptable to
20 the board, the election of the benefit program to the board within ten (10)
21 days of the vote.~~

22 ~~(3) The effective date of the political subdivision's
23 benefit program is the first day of the calendar month specified by such
24 governing body, or the first day of the calendar month next following receipt
25 by the board of the certification of election of benefit program, or the
26 effective date of the political subdivision's becoming an employer, whichever
27 is the latest date.~~

28 ~~(4) Such election of benefit program may be changed
29 from time to time by such vote, but not more often than biennially.~~

30 ~~(5) If such changed benefit program provides smaller
31 annuities for life than the benefit program previously in effect, then such
32 changed benefit program shall be applicable only to credited service for
33 employment rendered from and after the effective date of such change.~~

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

1 ~~(f)~~ (b) The limitation on increases in an employer's contribution
2 provided by § 24-10-405(h) shall not apply to any contribution increase
3 resulting from ~~an employer's electing a benefit program which provides larger~~
4 ~~annuities~~ the change in benefit provisions applicable to paid service for
5 retirements effective on or after July 1, 1999."

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7 SECTION 3. All provisions of this act of a general and permanent nature
8 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
9 Revision Commission shall incorporate the same in the Code.

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11 SECTION 4. If any provision of this act or the application thereof to
12 any person or circumstance is held invalid, such invalidity shall not affect
13 other provisions or applications of the act which can be given effect without
14 the invalid provision or application, and to this end the provisions of this
15 act are declared to be severable.

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17 SECTION 5. All laws and parts of laws in conflict with this act are
18 hereby repealed.

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