

Stricken language would be deleted from and underlined language would be added to law as it existed prior to the 82nd General Assembly.

1 State of Arkansas  
2 82nd General Assembly  
3 Regular Session, 1999  
4

As Engrossed: S2/3/99 S2/17/99 H2/18/99

# A Bill

SENATE BILL 35

5 By: Senator Hopkins  
6 By: Representative Faris  
7  
8

## For An Act To Be Entitled

10 "AN ACT TO AMEND ARKANSAS CODE 24-6-219 TO AMEND THE  
11 METHOD OF COMPUTING THE COST OF LIVING ADJUSTMENT FOR  
12 THE STATE POLICE RETIREMENT SYSTEM: *TO REVISE VARIOUS*  
13 *SECTIONS OF THE TIER TWO BENEFIT PLAN FOR THE STATE*  
14 *POLICE RETIREMENT SYSTEM*; TO DECLARE AN EMERGENCY; AND  
15 FOR OTHER PURPOSES. "

## Subtitle

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18 "AN ACT TO AMEND THE COST OF LIVING  
19 ADJUSTMENT FOR THE STATE POLICE  
20 RETIREMENT SYSTEM; *TO REVISE VARIOUS*  
21 *SECTIONS OF THE TIER TWO BENEFIT PLAN FOR*  
22 *THE STATE POLICE RETIREMENT SYSTEM.* "  
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25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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27 SECTION 1. Arkansas Code 24-6-219 is amended to read as follows:

28 "24-6-219. Benefits - Redetermination of benefits.

29 (a) Each July 1, the State Police Retirement System shall redetermine  
30 the amount of each monthly benefit which has been payable by the system for at  
31 least twelve(12) full calendar months. The redetermined amount shall be  
32 payable for the following twelve (12) calendar months.

33 (b) ~~Subject to the maximum stated in subsection (c) of this section,~~  
34 ~~the~~ The redetermined amount shall be the amount of the benefit payable as of  
35 the immediately preceding July 1, increased by three percent (3%).

36 ~~c) In no event shall the redetermined amount be more than the amount of~~

1 ~~the benefit payable as of the immediately preceding July 1 multiplied by the~~  
2 ~~following fraction:~~

3 ~~(1) The numerator shall be the average of the consumer price~~  
4 ~~index for the twelve (12) calendar months in the calendar year immediately~~  
5 ~~preceding July 1, but in no event an amount less than the denominator; and~~

6 ~~(2) The denominator shall be the average of the consumer price~~  
7 ~~index for the twelve (12) calendar months in the calendar year second~~  
8 ~~preceding the redetermination date.~~

9 ~~(d) As used in this section, "Consumer price index" means the Consumer~~  
10 ~~Price Index for All Urban Consumers, as determined by the United States~~  
11 ~~Department of Labor and in effect January 1, 1987.~~

12 ~~However, should the consumer price index be restructured subsequent to~~  
13 ~~1986 in a manner materially changing its character, the board, after receiving~~  
14 ~~the advice of the actuary, shall change the application of the consumer price~~  
15 ~~index so that, as far as is practicable, the 1986 intent of the use of the~~  
16 ~~consumer price index shall be continued."~~

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18 SECTION 2. Arkansas Code 24-6-403 is amended to read as follows:.

19 "24-6-403. Definitions.

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

21 (1) 'Accumulated contribution' means the sum of all amounts  
22 deducted from the salaries of a member and credited to his individual account  
23 in the members' deposit account, together with regular interest credited  
24 thereon;

25 (2) 'Actuarial equivalent' means a benefit of equal reserve value  
26 where "reserve" means the present value of all payments paid on account of any  
27 benefit based upon such reasonable rates of interest and tables of experience  
28 as a plan shall adopt from time to time;

29 (3) 'Actual Service' means the service credited to a member under  
30 this subchapter. Employment in a position covered by this subchapter shall be  
31 credited at the rate of one month for each month of employment.

32 (3) (4) 'Beneficiary' means any person, except a retirant, who is  
33 in receipt of, or who is entitled to receive, a pension or other benefit  
34 payable from funds of the system;

35 (4) (5) 'Board' means the Board of Trustees of the State Police  
36 Retirement System;

1 ~~(5) 'Credited service' means the service credited a member by the~~  
2 ~~board to the extent provided in this subchapter. Employment in a position~~  
3 ~~covered by this subchapter shall be credited at one and one-half (1 1/2) times~~  
4 ~~the regular rate for crediting service, except that at least five (5) years of~~  
5 ~~actual service shall be required to meet the retirement eligibility~~  
6 ~~requirements of §§ 24-6-404, 24-6-405, 24-6-410, and 24-6-411.~~

7 (6) 'Department' means the Department of Arkansas State Police;

8 (7) 'Director' means the Director of the Department of Arkansas  
9 State Police;

10 (8) 'Final average salary' means the average of the highest  
11 annual salaries paid a member during any period of forty-eight (48) calendar  
12 months of credited service with a public employer. Should a member have less  
13 than forty-eight (48) calendar months of credited service, "final average  
14 salary" means the average of the annual salaries paid to him during his total  
15 years of service.

16 (9) 'Member' means any state police officer who is included in  
17 the membership of the system as provided in § 24-6-401;

18 (10)(A) 'Pension' means an annual amount payable from the funds  
19 of the system throughout the life of a person;

20 (B) All pensions shall be paid in equal monthly  
21 installments;

22 (11) 'Pension reserve' means the present value of a pension  
23 computed upon the basis of such mortality and other tables of experience, and  
24 regular interest, as the board, from time to time, shall adopt;

25 (12) 'Regular interest' means such rates of interest per annum,  
26 compounded annually, as the board, from time to time, shall prescribe;

27 (13) 'Retirant' means any member who retires with a pension  
28 payable from funds of the system;

29 (14) 'Retirement' means a member's withdrawal from the employ of  
30 the department with a pension payable from the funds of the system;

31 (15)(A) 'Salary' means the compensation paid a member for  
32 service rendered by him as a state police officer;

33 (B) In no case shall the term 'salary' include  
34 reimbursement for lodging, meals, or travel expenses;

35 (16) 'Service' means service rendered to the department by a  
36 state police officer and shall include previous service, if any, rendered by

1 him as an Arkansas state ranger;

2 (17)(A) 'State police officer' means any employee of the  
3 Department of Arkansas State Police who holds the rank of state trooper or  
4 higher rank, and it shall include the director.

5 (B) The term 'state police officer' shall not include any  
6 civilian employee of the department, nor shall it include any person who is  
7 temporarily employed as a state trooper for an emergency.

8 (C) In any case of doubt as to who is a 'state police  
9 officer', the board shall decide the question; and

10 (18) 'System' means the State Police Retirement System."  
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12 SECTION 3. Arkansas Code 26-4-404 is amended to read as follows:

13 "24-6-404. Eligibility for benefits - Voluntary retirement.

14 (a)(1) Any member who has acquired five (5) years but less than thirty  
15 (30) years of actual service and has attained age sixty-five (65) may retire  
16 upon his written application filed with the board. Any member who has acquired  
17 thirty (30) or more years of actual service may retire at any age upon his  
18 written application filed with the board. For those members with less than  
19 thirty (30) actual years of service, the age sixty-five (65) years of  
20 requirement shall be reduced by ~~one (1) month~~ seventy-five one hundredths  
21 (.75) of a month for each ~~two (2) months~~ actual month of ~~credited~~ service as  
22 ~~provided in § 24-6-403(10)~~, but in no event to an age younger than fifty-five  
23 (55) years.

24 (2) This application shall set forth at what time, not less than  
25 thirty (30) days nor more than ninety (90) days subsequent to the execution  
26 and filing thereof, he desires to be retired.

27 (b) Upon his retirement, he shall receive a pension provided for in §  
28 24-6-406."  
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30 SECTION 4. Arkansas Code 24-6-405 (d) is amended to read as follows:

31 "(d)(1) Upon a disability retirant's return to the employ of the  
32 department as provided in subsection (c) of this section, his ~~credited~~ service  
33 at the time of his retirement shall be restored to his credit.

34 (2) He shall be given service credit for the period he was  
35 receiving a disability pension if, within that period, he was in receipt of  
36 workers' compensation on account of his department employment."

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SECTION 5. Arkansas Code 4-6-406 is amended to read as follows:

"24-6-406. Benefits generally.

(a)(1) Upon his retirement as provided in this subchapter, a member shall receive a straight life pension equal to ~~one and sixty-five hundredths percent (1.65%)~~ two and four hundred and seventy-five thousandth percent (2.475%) of his final average salary multiplied by the number of years, and any fraction of a year, of his ~~credited~~ service.

(2)(A) In addition, if a member has ~~credited~~ service resulting from employment in a position covered at any time by social security or another federal retirement plan supported wholly or in part by employer contributions, and if that member's age at retirement is younger than:

(i) Social security's minimum age for an immediate retirement benefit; and

(ii) Age sixty-two (62), then the member shall receive a temporary annuity equal to ~~three hundred forty-two thousandths percent (0.342%)~~ five hundred and thirteen thousandths percent (.513%) of his final average salary for each year of such ~~credited~~ actual service.

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

(i) The member's death;

(ii) His attainment of the social security minimum age; or

(iii) His attainment of age sixty-two (62).

(b) In the event a member with five (5) years or more of actual service in the system ceases to be employed as a state police officer prior to reaching fifty-five (55) years of age and does not withdraw his accumulated employee contributions to the State Police Retirement System, the member shall be entitled to receive a pension upon reaching what his voluntary retirement age would have been if he had continued state police employment from time of termination of employment.

(c) Any member may elect to withdraw his accumulated contributions to the system at the time of terminating employment as a state police officer and to waive any pension rights the member may have earned in the system.

(d) It is considered sound public policy that retirement pay not exceed working pay except for increases after retirement caused by inflation.

1 Accordingly, at the time of retirement, the total of named plan annuities  
2 shall not exceed his final average salary.

3 (e) No provision of this section shall be applicable to service that is  
4 credited at a rate other than one (1) month for each month of employment."

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6 SECTION 6. Arkansas Code 24-6-410 (a)(1) is amended to read as follows:

7 "(1) Any member or former member with sufficient years of ~~credited~~  
8 service to qualify for a vested termination annuity who has not attained his  
9 voluntary retirement age as provided in § 24-6-404 may retire with an early  
10 annuity provided for in subsection (b) of this section upon his written  
11 application to the board setting forth at what time, not less than thirty (30)  
12 days nor more than ninety (90) days subsequent to the execution and filing of  
13 his application, he desires to be retired."

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15 SECTION 7. Arkansas Code 24-6-411 (a) is amended to read as follows:

16 "(a) If an active member of five (5) or more years of actual service,  
17 including ~~credited~~ service for the year immediately preceding his death, dies  
18 in employer service before retirement, the applicable benefit provided in this  
19 section shall be paid, upon written application to the board."

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21 SECTION 8. No benefit enhancement provided for by this act shall be  
22 implemented if it would cause the publicly supported retirement system's  
23 unfunded actuarial accrued liabilities to exceed a thirty (30) year  
24 amortization. No benefit enhancement provided for by this act shall be  
25 implemented by any publicly supported system which has unfunded actuarial  
26 accrued liabilities being amortized over a period exceeding thirty (30) years  
27 until the unfunded actuarial accrued liability is reduced to a level less than  
28 the standards prescribed by Arkansas Code, Title 24.

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30 SECTION 9. All provisions of this Act of a general and permanent nature  
31 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
32 Revision Commission shall incorporate the same in the Code.

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34 SECTION 10. If any provision of this Act or the application thereof to  
35 any person or circumstance is held invalid, such invalidity shall not affect  
36 other provisions or applications of the Act which can be given effect without

1 the invalid provision or application, and to this end the provisions of this  
2 Act are declared to be severable.

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4 SECTION 11. All laws and parts of laws in conflict with this Act are  
5 hereby repealed.

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7 SECTION 12. EMERGENCY CLAUSE. It is hereby found and determined by the  
8 Eighty-second General Assembly, that historically the State Police Retirement  
9 System has recomputed retirement benefits on July 1 of each year to reflect a  
10 cost of living increase; that this act modifies the cost of living increase;  
11 and that unless this emergency clause is adopted, this act will not go into  
12 effect of July 1 of this year; and that unless this emergency clause is  
13 adopted, this act will not be effective until July 1 of the succeeding year.  
14 Therefore, an emergency is declared to exist and this act being immediately  
15 necessary for the preservation of the public peace, health and safety shall  
16 become effective on July 1, 1999.

17 /s/ Hopkins  
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