

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: S3/15/99

A Bill

SENATE BILL 402

5 By: Senator Gwatney
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For An Act To Be Entitled

9 "AN ACT TO AMEND ARKANSAS CODE 24-10-602 CONCERNING
10 ANNUITIES GENERALLY UNDER THE LOCAL POLICE AND FIRE
11 RETIREMENT SYSTEM; AND FOR OTHER PURPOSES."

Subtitle

14 "AN ACT CONCERNING ANNUITIES GENERALLY
15 UNDER THE LOCAL POLICE AND FIRE
16 RETIREMENT SYSTEM."
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18

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

20
21 SECTION 1. Arkansas Code Section 24-10-602 is amended to read as
22 follows:

23 "24-10-602. Annuity generally.

24 (a) Upon a member's retirement, he shall receive an annuity for life in
25 accordance with the applicable benefit program elected by his employer, as
26 follows:

27 (1) Benefit program 1.

28 (A)(i) For each year of paid service resulting from
29 employment in a position not also covered by social security, ~~two percent (2%)~~
30 two and one tenth percent (2.1%) of his final average pay; plus

31 (ii) For each year of paid service resulting from
32 employment in a position also covered by social security, ~~one percent (1%)~~
33 one and one tenth percent (1.1%) of his final average pay.

34 (B)(i) In addition, if the member is retiring, as provided
35 in § 24-10-604, § 24-10-605, § 24-10-606, or § 24-10-607, and if the member's
36 age at retirement is less than social security's minimum age for an immediate

1 retirement benefit and age sixty-two (62) years, then the member shall receive
2 a temporary annuity equal to one percent (1%) of his final average pay for
3 each year of paid service resulting from employment in a position also covered
4 by social security. The provisions of this section that allow a member who
5 retires as provided in § 24-10-607, whose employment was also covered by
6 social security, and who is thereby eligible for a temporary annuity, shall be
7 applied retroactively to all persons who retired under those circumstances on
8 or after October 1, 1989.

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

11 (a) The member's death;

12 (b) His attainment of the social security
13 minimum age; or

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

15 (iii) As a condition of awarding the temporary
16 annuity for members retiring under § 24-10-607, the board shall require the
17 disabled member to file any and all appropriate forms and pleadings with the
18 Social Security Administration, and pursue through the administrative process
19 a disability determination. The board shall condition the payment of the
20 temporary annuity that, in the event the disabled member is awarded disability
21 benefits under the federal Social Security Act, the temporary annuity shall
22 terminate and that the member shall reimburse the system an amount equal to
23 the after-tax benefits received from social security for the period the member
24 has received the temporary annuity. Provided, that the amount of any
25 reimbursement shall not exceed the total amount of the actual payments
26 received by the member prior to the award of the social security disability
27 benefits.

28 (2) Benefit Program 2.

29 (A)(i) For each year of paid service resulting from
30 employment in a position not also covered by social security, ~~two percent (2%)~~
31 three percent (3%) of his final average pay; plus

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

36 (B) For each year of paid service, rendered before the

1 election date of Benefit Program 2, resulting from employment in a position
2 also covered by social security, one percent (1%) of his final average pay.

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

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

17 (a) The member's death;

18 (b) His attainment of the social security
19 minimum age; or

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

21 (iii) As a condition of awarding the temporary
22 annuity for members retiring under § 24-10-607, the board shall require the
23 disabled member to file any and all appropriate forms and pleadings with the
24 Social Security Administration, and pursue through the administrative process
25 a disability determination. The board shall condition the payment of the
26 temporary annuity that, in the event the disabled member is awarded disability
27 benefits under the federal Social Security Act, the temporary annuity shall
28 terminate and that the member shall reimburse the system an amount equal to
29 the after-tax benefits received from social security for the period the member
30 has received the temporary annuity. Provided, that the amount of any
31 reimbursement shall not exceed the total amount of the actual payments
32 received by the member prior to the award of the social security disability
33 benefits.

34 (D) A member who has paid service rendered before the
35 election date of Benefit Program 2 resulting from employment in a position
36 also covered by social security may have said paid service treated as though

1 the paid service had been rendered after the election date of Benefit Program
2 2 by paying to the system, by a single contribution or by an increased rate of
3 contributions, as approved by the board, the amounts which the member would
4 have contributed under § 24-10-404 if said paid service had resulted from
5 employment in a position not also covered by social security, together with
6 regular interest to the date of payment;

7 (3) In no event shall the total of the amounts computed pursuant
8 to subdivisions (a)(1) and (2) of this section exceed, at the time of
9 retirement, eighty percent (80%) of the final average pay, plus the amounts
10 provided in subdivision (a)(4) of this section for volunteer service;

11 (4)(A) For retirements effective before July 1, 1991, annuity
12 amounts based upon volunteer service shall be in accordance with system
13 provisions in force before July 1, 1991.

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

18 (ii) For retirements effective in the twelve (12)
19 calendar months beginning July 1 thereafter, the monthly annuity amount for
20 each year of volunteer service shall be three dollars (\$3.00), increased by
21 any percentage increase in the inflation index for the period from December
22 1990 to the December immediately preceding the July 1, to a maximum for all
23 volunteer service of one hundred twenty dollars (\$120) monthly similarly
24 increased by any percentage increase in the inflation index.

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

28 (c) Each employer shall have the credited service of each of its
29 members covered by Benefit Program 1, as provided for in this section, unless
30 such employer shall have elected another benefit program provided for in this
31 section.

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

35 (2) The clerk or secretary of the governing body of the political
36 subdivision shall certify, in a manner and form acceptable to the board, the

1 election of the benefit program to the board within ten (10) days of the vote.

2 (3) The effective date of the political subdivision's benefit
3 program is the first day of the calendar month specified by such governing
4 body, or the first day of the calendar month next following receipt by the
5 board of the certification of election of benefit program, or the effective
6 date of the political subdivision's becoming an employer, whichever is the
7 latest date.

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

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

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

17 (f) The limitation on increases in an employer's contribution provided
18 by § 24-10-405(h) shall not apply to any contribution increase resulting from
19 an employer's electing a benefit program which provides larger annuities."
20

21 SECTION 2. 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 3. 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 4. 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 5. All laws and parts of laws in conflict with this act are
5 hereby repealed.

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/s/ Gwatney

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