

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 83rd General Assembly
3 Regular Session, 2001
4

As Engrossed: H3/14/01

A Bill

HOUSE BILL 1253

5 By: Representative R. Smith
6 By: Senators Faris, Horn
7

For An Act To Be Entitled

10 AN ACT TO AMEND ARKANSAS CODE 24-10-602 TO EXTEND
11 THE LOCAL POLICE AND FIRE RETIREMENT SYSTEM
12 (LOPFI) TEMPORARY ANNUITY BENEFIT UNTIL THE AGE
13 THAT UNREDUCED SOCIAL SECURITY BENEFITS ARE PAID
14 AND TO INCREASE THE BENEFIT MULTIPLIERS; TO
15 DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

17 TO EXTEND THE LOPFI TEMPORARY ANNUITY
18 BENEFIT UNTIL THE AGE WHEN FULL SOCIAL
19 SECURITY BENEFITS ARE PAID AND TO
20 INCREASE THE BENEFIT MULTIPLIER.
21

22
23
24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
25

26 SECTION 1. Arkansas Code 24-10-602 is amended to read as follows:

27 24-10-602. Annuity generally.

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

31 (1) Benefit program 1. (A)(i) For each year of paid service
32 resulting from employment in a position not also covered by social security,
33 ~~two and one tenth percent (2.1%)~~ two and two tenths percent (2.2%) of his
34 final average pay; plus

35 (ii) For each year of paid service resulting from
36 employment in a position also covered by social security, ~~one and one tenth~~

1 ~~percent (1.1%)~~ one and two tenths percent (1.2%) of his final average pay.

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

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

16 (a) The member's death; or

17 (b) His attainment of ~~the social security~~
18 minimum age social security's minimum age for an immediate unreduced
19 retirement benefit; ~~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 a
25 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.

29 (2) Benefit Program 2. (A)(i) For each year of paid service
30 resulting from employment in a position not also covered by social security,
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 and resulting from employment in
34 a 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 and 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 unreduced
6 immediate retirement benefit ~~and age sixty two (62) years~~, then the member
7 shall receive a temporary annuity equal to one percent (1%) of his final
8 average pay for each year of paid service rendered before the election date of
9 Benefit Program 2 and resulting from employment in a position also covered by
10 social security. The provisions of this section that allow a member who
11 retires as provided in § 24-10-607, whose employment was also covered by
12 social security, and who is thereby eligible for a temporary annuity, shall be
13 applied retroactively to all persons who retired under those circumstances on
14 or after October 1, 1989.

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

18 (a) The member's death;

19 (b) His attainment of ~~the social security~~
20 minimum age social security's minimum age for an immediate unreduced
21 retirement benefit; ~~or~~

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

23 (iii) As a condition of awarding the temporary
24 annuity for members retiring under § 24-10-607, the board shall require the
25 disabled member to file any and all appropriate forms and pleadings with the
26 Social Security Administration and pursue through the administrative process a
27 disability determination. The board shall condition the payment of the
28 temporary annuity that, in the event the disabled member is awarded disability
29 benefits under the federal Social Security Act, the temporary annuity shall
30 terminate.

31 (D) A member who has paid service rendered before the
32 election date of Benefit Program 2 resulting from employment in a position
33 also covered by social security may have the paid service treated as though
34 the paid service had been rendered after the election date of Benefit Program
35 2 by paying to the system, by a single contribution or by an increased rate of
36 contributions, as approved by the board, the amounts which the member would

1 have contributed under § 24-10-404 if the paid service had resulted from
 2 employment in a position not also covered by social security, together with
 3 regular interest to the date of payment;

4 (3) As used in subdivisions (a)(1) and (a)(2) of this section,
 5 social security's minimum age for an immediate unreduced retirement benefit
 6 means one of the following:

7 (A) If the member is retiring as provided in § 24-10-607
 8 and is in receipt of a disability benefit under the federal Social Security
 9 Act, the age when the social security disability benefit becomes effective; or

10 (B) If the member's retirement is effective before July 1,
 11 2001 as provided in § 24-10-604, § 24-10-605, § 24-10-606, or § 24-10-607, age
 12 sixty-two (62) years; or

13 (C) If the member's retirement is effective on or after
 14 July 1, 2001 as provided in § 24-10-604, § 24-10-605, § 24-10-606, or § 24-10-
 15 607, the minimum age for the member's receipt of an immediate unreduced social
 16 security old age benefit;

17 ~~(3)(4)~~ In no event shall the total of the amounts computed
 18 pursuant to subdivisions (a)(1) and (a)(2) of this section exceed at the time
 19 of retirement eighty percent (80%) of the final average pay plus the amounts
 20 provided in subdivision ~~(a)(4)~~ (a)(5) of this section for volunteer service;

21 ~~(4)(5)~~(A) For retirements effective before July 1, 1991, annuity
 22 amounts based upon volunteer service shall be in accordance with system
 23 provisions in force before July 1, 1991.

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

28 (ii) For retirements effective in the twelve (12)
 29 calendar months beginning July 1 thereafter, the monthly annuity amount for
 30 each year of volunteer service shall be three dollars (\$3.00), increased by
 31 any percentage increase in the inflation index for the period from December
 32 1990 to the December immediately preceding the July 1, to a maximum for all
 33 volunteer service of one hundred twenty dollars (\$120) monthly, similarly
 34 increased by any percentage increase in the inflation index.

35 (b) If each portion of a member's credited service is not covered by
 36 the same benefit program, then his total annuity for life shall be the total

1 of the annuity for life determined under each applicable benefit program.

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

6 (d)(1) By majority vote of its governing body, each political
7 subdivision may elect from time to time to cover its members who retire in the
8 future under one (1) of the benefit programs provided for in this section.

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

12 (3) The effective date of the political subdivision's benefit
13 program is the first day of the calendar month specified by such governing
14 body, the first day of the calendar month next following receipt by the board
15 of the certification of election of benefit program, or the effective date of
16 the political subdivision's becoming an employer, whichever is the latest
17 date.

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

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

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

27 (f) The limitation on increases in an employer's contribution provided
28 by § 24-10-405(h) shall not apply to any contribution increase resulting from
29 an employer's electing a benefit program which provides larger annuities, and
30 shall not apply to any contribution increase resulting from increased benefits
31 applicable to retirements on or after July 1, 2001 as provided in subdivisions
32 (a)(1), (a)(2), and (a)(3) of this section.

33

34 SECTION 2. [THE ARKANSAS CODE REVISION COMMISSION IS NOT REQUIRED TO
35 CODIFY THIS SECTION.] No benefit enhancement provided for by this act shall
36 be implemented if it would cause the publicly supported retirement system's

1 unfunded actuarial accrued liabilities to exceed a thirty (30) year
2 amortization. No benefit enhancement provided for by this act shall be
3 implemented by any publicly supported system which has unfunded actuarial
4 accrued liabilities being amortized over a period exceeding thirty (30) years
5 until the unfunded actuarial accrued liability is reduced to a level less than
6 the standards prescribed by Arkansas Code, Title 24.

7
8 SECTION 3. Emergency Clause. It is found and determined by the
9 Eighty-third General Assembly of the State of Arkansas that an earlier cutoff
10 of the temporary annuities provided for by the Local Police and Fire
11 Retirement System can force a retiree to take an earlier Social Security
12 retirement benefit than they would otherwise choose; that extending these
13 annuities until a later age will give more flexibility to the police officers
14 and fire fighters to plan the age at which they wish to retire; and that the
15 most administratively efficient time to make changes to retirement system laws
16 is with the beginning of the State's fiscal year. Therefore an emergency is
17 declared to exist and this act being immediately necessary for the
18 preservation of the public peace, health and safety shall become effective on
19 July 1, 2001.

20 */s/ R. Smith, et al.*