

1 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005

A Bill

SENATE BILL 96

4
5 By: Senator J. Bookout
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For An Act To Be Entitled

8
9 AN ACT TO ALLOW AN INDIVIDUAL MEMBER OF THE
10 ARKANSAS LOCAL POLICE AND FIRE RETIREMENT SYSTEM
11 TO PARTICIPATE IN BENEFIT PROGRAM 2 UPON HIS OR
12 HER OWN ELECTION; AND FOR OTHER PURPOSES.
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Subtitle

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15 AN ACT TO ALLOW AN INDIVIDUAL MEMBER OF
16 THE ARKANSAS LOCAL POLICE AND FIRE
17 RETIREMENT SYSTEM TO PARTICIPATE IN
18 BENEFIT PROGRAM 2 UPON HIS OR HER OWN
19 ELECTION.
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
23

24 SECTION 1. Arkansas Code § 24-10-404(b), concerning contributions to
25 member's deposit account, is amended as follows:

26 (b)(1)(A) If a member's covered employment is not also covered by
27 social security, or if his or her covered employment is also covered by
28 social security and his or her political subdivision has elected Benefit
29 Program 2, as provided in § 24-10-602, and if he or she is receiving pays
30 resulting in paid service credit, his or her contributions to the system
31 shall be six percent (6%) of his or her pays.

32 (B) If a member's covered employment is not also covered
33 by social security and the member has elected Benefit Program 2, as provided
34 in § 24-10-602, and if he or she is receiving pays resulting in paid service
35 credit, his or her contributions to the system shall be ten and one-half
36 percent (10.5%) of his or her pays.



(C) If a member's covered employment is also covered by social security and the member has elected Benefit Program 2, as provided in § 24-10-602, and if he or she is receiving pays resulting in paid service credit, his or her contributions to the system shall be six percent (6%) of his or her pays.

(2) The contributions shall be made notwithstanding that the minimum salary or wages provided by law for any member shall thereby be changed.

(3) Each member shall be deemed to consent and agree to the deductions made and provided for in this section.

(4) Payment of a member's pay less the deductions shall be a full and complete discharge and acquittance of all claims and demands whatsoever for services rendered by him or her to a political subdivision, except as to benefits provided by this system.

SECTION 2. Arkansas Code § 24-10-602(a), pertaining to annuities, is amended as follows:

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

(1) Benefit Program 1.

(A) For each year of paid service resulting from employment:

(i) In a position not also covered by social security, two and five-tenths percent (2.5%) of his or her final average pay; plus

(ii) In a position also covered by social security, one and five-tenths percent (1.5%) of his or her final average pay.

(B)(i)(a) In addition, if the member is retiring as provided in § 24-10-604, § 24-10-605, § 24-10-606, or § 24-10-607, and if the member's age at retirement is less than social security's minimum age for an immediate unreduced retirement benefit, then the member shall receive a temporary annuity equal to one percent (1%) of his or her final average pay for each year of paid service resulting from employment in a position also covered by social security.

(b) The provisions of this section that allow

1 a member who retires as provided in § 24-10-607, whose employment was also
 2 covered by social security, and who is thereby eligible for a temporary
 3 annuity, shall be applied retroactively to all persons who retired under
 4 those circumstances on or after October 1, 1989.

5 (ii) The temporary annuity shall terminate at the
 6 end of the calendar month in which the earlier of the following events
 7 occurs:

8 (a) The member's death; or

9 (b) His or her attainment of social security's
 10 minimum age for an immediate unreduced retirement benefit.

11 (iii)(a) As a condition of awarding the temporary
 12 annuity for members retiring under § 24-10-607, the Board of Trustees of the
 13 Arkansas Local Police and Fire Retirement System shall require the disabled
 14 member to file any and all appropriate forms and pleadings with the Social
 15 Security Administration and pursue through the administrative process a
 16 disability determination.

17 (b) Beginning July 1, 2001, any member who has
 18 had a temporary annuity terminated because of an award of disability
 19 retirement under the Social Security Act shall have that temporary annuity
 20 restored.

21 (2) Benefit Program 2.

22 (A) For each year of paid service rendered on or after the
 23 election date of the Benefit Program 2 and before the election is rescinded:

24 (i) In a position also covered by social security,
 25 two and five-tenths percent (2.5%) of the member's final average salary; and

26 (ii) In a position not covered by social security,
 27 three percent (3%) of the member's final average salary.

28 (B)(i) For each year of paid service rendered before the
 29 election date of the Benefit Program 2 or after the election is rescinded:

30 (a) In a position also covered by social
 31 security, one and five-tenths percent (1.5%) of the member's final average
 32 salary; and

33 (b) In a position not covered by social
 34 security, two and five-tenths percent (2.5%) of the member's final average
 35 salary.

36 (ii) A member who has paid service rendered before

1 the election date of Benefit Program 2 or after the election is rescinded and
2 subsequently readopted may have the paid service rendered on or after July
3 28, 1995, treated as though the paid service had been rendered after the
4 election date of Benefit Program 2 by paying to the system the actuarial cost
5 of the increased benefit by a single contribution or by an agreement to pay
6 an increased rate of contributions if approved by the board.

7 (iii) For the purposes of subdivision (a)(2)(B)(ii)
8 of this section, "actuarial cost" means an amount that is the actuarial
9 equivalent of the value of the credited service to be purchased at the time
10 of the purchase, as determined by the system's actuary.

11 (C)(i)(a) In addition, if the member is retiring as
12 provided in § 24-10-604, § 24-10-605, § 24-10-606, or § 24-10-607, and if the
13 member's age at retirement is less than social security's minimum age for an
14 unreduced immediate retirement benefit, then the member shall receive a
15 temporary annuity equal to one percent (1%) of his or her final average pay
16 for each year of paid service rendered before the election date of Benefit
17 Program 2 and resulting from employment in a position also covered by social
18 security.

19 (b) The provisions of this section that allow
20 a member who retires as provided in § 24-10-607, whose employment was also
21 covered by social security, and who is thereby eligible for a temporary
22 annuity shall be applied retroactively to all persons who retired under those
23 circumstances on or after October 1, 1989.

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

27 (a) The member's death; or

28 (b) His or her attainment of social security's
29 minimum age for an immediate unreduced retirement benefit.

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

35 (b) Beginning July 1, 2001, any member who has
36 had a temporary annuity terminated because of an award of disability

1 retirement under the Social Security Act shall have that temporary annuity
2 restored.

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

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

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

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

16 (4)(A) The total benefit amount computed under subdivision
17 (a)(1) of this section shall not exceed at the time of retirement eighty
18 percent (80%) of the final average pay plus the amounts provided in
19 subdivision (a)(5) of this section for volunteer service.

20 (B) If the member accrued a benefit at any time under
21 Benefit Program #2 described in subdivision (a)(2) of this section, then the
22 total of the amounts computed pursuant to subdivisions (a)(1) and (2) of this
23 section shall not exceed at the time of retirement eighty-five percent (85%)
24 of the final average pay plus the amounts provided in subdivision (a)(5) of
25 this section for volunteer service;

26 (5)(A) For retirements effective before July 1, 2003, annuity
27 amounts based upon volunteer service shall be in accordance with system
28 provisions in force before July 1, 2003.

29 (B)(i) For retirements effective July 1, 2003, and the
30 twelve (12) calendar months thereafter, the monthly annuity amount for each
31 year of volunteer service shall be five dollars (\$5.00), to a maximum of two
32 hundred dollars (\$200) monthly for all volunteer service.

33 (ii) For retirements effective in the twelve (12)
34 calendar months beginning July 1 thereafter, the monthly annuity amount for
35 each year of volunteer service shall be five dollars (\$5.00), increased by
36 any percentage increase in the inflation index for the period from December

2003 to the December immediately preceding the July 1, to a maximum for all volunteer service of two hundred dollars (\$200) monthly, similarly increased by any percentage increase in the inflation index.

SECTION 3. Arkansas Code § 24-10-602(c), pertaining to annuities, is amended as follows:

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

SECTION 4. Arkansas Code § 24-10-602(e) and (f), pertaining to annuities, is amended as follows:

(e)(1) Members may elect Benefit Program 2 even if the political subdivision has not made such election.

(2) The member must notify the board in writing, in a manner and form acceptable to the board, of the member's election of Benefit Program 2.

(3) The effective date of the member's participation in Benefit Program 2 is the later of the following:

(A) The first day of the calendar month specified by the member; or

(B) The first day of the calendar month next following receipt by the board of the written notification of the member's election of Benefit Program 2.

(4) The election of Benefit Program 2 may be rescinded only one (1) time by the member.

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

~~(e)~~(f) Should a member or an employer change its election of benefit program as provided in this section, the member and employer contributions shall be correspondingly changed effective the same date as the benefit program change.

~~(f)~~(g) The limitation on increases in an employer's contribution provided by § 24-10-405(h) shall not apply to any contribution increase

1 resulting from:

2 (1) ~~An~~ A member or his or her employer's electing a benefit
3 program that provides larger annuities; and

4 (2) Increased benefits applicable to retirements on or after
5 July 1, 2001, as provided in subdivisions (a)(1)-(3) of this section.