

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 85th General Assembly
3 Regular Session, 2005
4
5 By: Senator J. Bookout

A Bill

SENATE BILL 99

For An Act To Be Entitled

AN ACT TO INCREASE THE RETIREMENT BENEFITS FOR
ARKANSAS LOCAL POLICE AND FIRE RETIREMENT SYSTEM
MEMBERS BY INCREASING THE LIFETIME MULTIPLIER;
AND FOR OTHER PURPOSES.

Subtitle

AN ACT TO INCREASE THE RETIREMENT
BENEFITS FOR ARKANSAS LOCAL POLICE AND
FIRE RETIREMENT SYSTEM MEMBERS BY
INCREASING THE LIFETIME MULTIPLIER.

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

SECTION 1. Arkansas Code § 24-10-602 is amended as follows:
24-10-602. Annuity generally.

(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%)~~ three percent (3%) of his or her final average pay; plus

(ii) In a position also covered by social security, ~~one and five tenths percent (1.5%)~~ two percent (2%) of his or her final average pay.



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

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

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

16 (a) The member's death; or

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

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

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

29 (2) Benefit Program 2.

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

32 (i) In a position also covered by social security,
 33 ~~two and five tenths percent (2.5%)~~ two and eight-tenths percent (2.8%) of the
 34 member's final average salary; and

35 (ii) In a position not covered by social security,
 36 ~~three percent (3%)~~ three and three-tenths percent (3.3%) of the member's

1 final average salary.

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

4 (a) In a position also covered by social
5 security, ~~one and five tenths percent (1.5%)~~ two percent (2%) of the member's
6 final average salary; and

7 (b) In a position not covered by social
8 security, ~~two and five tenths percent (2.5%)~~ three percent (3%) of the
9 member's final average salary.

10 (ii) A member who has paid service rendered before
11 the election date of Benefit Program 2 or after the election is rescinded and
12 subsequently readopted may have the paid service rendered on or after July
13 28, 1995, treated as though the paid service had been rendered after the
14 election date of Benefit Program 2 by paying to the system the actuarial cost
15 of the increased benefit by a single contribution or by an agreement to pay
16 an increased rate of contributions if approved by the board.

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

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

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

34 (ii) The temporary annuity shall terminate at the
35 end of the calendar month in which the earlier of the following events
36 occurs:

1 (a) The member's death; or
2 (b) His or her attainment of social security's
3 minimum age for an immediate unreduced retirement benefit.

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

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

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

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

19 (B) If the member's retirement is effective before July 1,
20 2001, as provided in § 24-10-604, § 24-10-605, § 24-10-606, or § 24-10-607,
21 age sixty-two (62); or

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

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

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

36 (5)(A) For retirements effective before July 1, 2003, annuity

1 amounts based upon volunteer service shall be in accordance with system
2 provisions in force before July 1, 2003.

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

7 (ii) For retirements effective in the twelve (12)
8 calendar months beginning July 1 thereafter, the monthly annuity amount for
9 each year of volunteer service shall be five dollars (\$5.00), increased by
10 any percentage increase in the inflation index for the period from December
11 2003 to the December immediately preceding the July 1, to a maximum for all
12 volunteer service of two hundred dollars (\$200) monthly, similarly increased
13 by any percentage increase in the inflation index.

14 (b) If each portion of a member's credited service is not covered by
15 the same benefit program, then his or her total annuity for life shall be the
16 total of the annuity for life determined under each applicable benefit
17 program.

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

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

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

30 (3) The effective date of the political subdivision's benefit
31 program is the first day of the calendar month specified by the governing
32 body, the first day of the calendar month next following receipt by the board
33 of the certification of election of benefit program, or the effective date of
34 the political subdivision's becoming an employer, whichever is the latest
35 date.

36 (4) The election of Benefit Program 2 may be rescinded only one

1 (1) time by the political subdivision.

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

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

9 (f) The limitation on increases in an employer's contribution provided
10 by § 24-10-405(h) shall not apply to any contribution increase resulting
11 from:

12 (1) An employer's electing a benefit program that provides
13 larger annuities; and

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

16 (g) Increases made to a member's annuity benefits under subsection (a)
17 of this section after the effective date of this section shall result in a
18 corresponding increase in the employer contributions effective on the same
19 date as the member's annuity benefits increase.

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