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	As Engrossed: S2/28/07			
2	86th General Assembly	A Bill			
3	Regular Session, 2007	SEN	IATE BILL	155	
4					
5	By: Senator T. Smith				
6					
7					
8		For An Act To Be Entitled			
9	AN ACT TO	O AMEND ARKANSAS CODE § 24-11-434			
10	CONCERNIN	NG THE DEFERRED RETIREMENT OPTION PLAN;			
11	AND FOR C	OTHER PURPOSES.			
12					
13		Subtitle			
14	AN ACT	T TO AMEND ARKANSAS CODE § 24-11-			
15	434 CC	ONCERNING THE DEFERRED RETIREMENT			
16	OPTION	N PLAN.			
17					
18					
19	BE IT ENACTED BY THE GE	ENERAL ASSEMBLY OF THE STATE OF ARKANSAS:			
20					
21	SECTION 1. Arkan	nsas Code § 24-11-434 is amended to read a	s follows:		
22	24-11-434. Defer	rred retirement option plan.			
23	(a)(l) In lieu o	of terminating employment and accepting a	service		
24	retirement pension purs	suant to § 24-11-401 et seq. <u>under this su</u>	<u>bchapter</u> ,	any	
25	police officer who is a	a member of a policemen's pension and reli	ef fund wh	0	
26	has not less than twent	ty (20) years of credited service and who	is eligibl	e	
27	to receive a service re	etirement pension may elect to participate	in the		
28	Arkansas Police Officer	rs' Deferred Option Plan and defer the rec	eipt of		
29	benefits in accordance	with the provisions of this section, provi	ided that	the	
30	board of trustees of the local policemen's pension and relief fund approves			S	
31	the participation in th	the participation in the plan.			
32	(2) For pu	(2) For purposes of this section, credited service shall include			
33	service credit recogniz	service credit recognized pursuant to this subchapter.			
34	(b)(l) The durat	(b)(1) The duration of participation in the plan for active police			
35	officers shall not exce	eed five (5) years.			
36	(2) The fi	ive-vear limit may be extended if:			

02-28-2007 09:37 MBM227

1	(A) The extension does not cause the limit to exceed ten		
2	(10) years;		
3	(B) The extension applies to all active members and all		
4	members on the plan;		
5	(C) The extension is approved by a majority of votes of		
6	the board of trustees of the pension and relief fund or of the Arkansas Local		
7	Police and Fire Retirement System for funds whose administrative		
8	responsibility has been assigned to the system as provided in § 24-11-406(b);		
9	(D) The interest credited after the first five (5) years		
10	on the plan shall be two (2) percentage points below the rate of return of		
11	the investment portfolio of the fund and shall not be determined under		
12	subdivision (e)(2) of this section, but in no event shall the interest rate		
13	credited be less than zero percent (0%); and		
14	(E) The extension is approved by a majority vote of the		
15	governing body of the sponsoring municipality.		
16	(c) $\frac{(1)}{(1)}$ Except under subdivision (c)(2) of this section, at the		
17	conclusion of a member's participation in the plan, the member shall		
18	terminate employment with all participating municipalities as a police		
19	officer and shall start receiving the member's accrued monthly retirement		
20	benefit from the policemen's pension and relief fund.		
21	(2) If a member is at the conclusion of a member's participation		
22	in the plan, the member may continue employment by a municipality under the		
23	following conditions:		
24	(A) The municipality makes continued employment available		
25	to all similarly situated members;		
26	(B) The availability of continued employment is approved		
27	by a majority vote of the governing body of the sponsoring municipality after		
28	receiving approval for an increase in benefits under § 24-11-102;		
29	(C) The monthly benefit that is credited to the member's		
30	plan account is discontinued and the member shall not receive a monthly		
31	benefit until the member actually ceases employment;		
32	(D) The interest rate credited to the plan account is the		
33	same paid as under subdivision (e)(2) of this section, except that the		
34	minimum rate is zero percent (0%);		
35	(E) The employer's matching contribution of six percent		
36	(6%) shall cease, but all other employer contributions shall continue and be		

credited to the pension and relief fund; and

2 (F) The employee contributions of six percent (6%) shall

3 discontinue.

1

4

5

6

33

34

35 36

- (d)(1) When a member begins participation in the plan, the contribution of the police officer and the employer contribution shall continue to be paid.
- 7 (2)(A) In a municipality having a population of over twenty 8 thousand (20,000) persons, municipal matching contributions for employees who 9 elect the plan shall be credited equally to the policemen's pension and 10 relief fund and to the plan, or at the option of the local pension and relief 11 fund board of trustees, credited in the manner provided in subdivision 12 (d)(2)(B) of this section.
- 13 (B) In a municipality having a population of twenty
 14 thousand (20,000) persons or less, municipal matching contributions for
 15 employees who elect the plan shall be credited in full to the policemen's
 16 pension and relief fund, and the contribution of the employee shall be
 17 credited to the member's plan account.
- 18 (3) The monthly retirement benefits that would have been payable
 19 had the member elected to cease employment and receive service retirement and
 20 pension supplement payments made by the Policemen's Pension Supplement
 21 Program shall be paid into the plan account.
- 22 (e)(1) The member's monthly retirement benefit shall not change unless 23 the plan receives a benefit increase.
- (2)(A) A member who participates in this plan shall earn
 interest at a rate of two (2) percentage points below the rate of return of
 the investment portfolio of the policemen's pension and relief fund as
 certified by the actuary under contract with the Arkansas Fire and Police
 Pension Review Board in accordance with generally accepted actuarial
 practices and § 24-11-207 but no less than the actuarial assumed interest
 rate as certified by the actuary.
- 31 (B) The interest shall be credited to the individual account balance of the member on an annual basis.
 - (f)(1) At the option of the participant, a participant in the plan shall receive a lump-sum payment from the account equal to the payments to the account or a true annuity based upon the account of the participant or may elect any other method of payment if approved by the board of trustees.

1	(2) If approved by a majority vote of the governing body of the		
2	sponsoring municipality and the board of trustees, a participant in the		
3	deferred retirement option plan may defer receiving payment of the		
4	participant's account and continue with the funds deposited in the plan.		
5	(3)(A) Interest credited to the continuing deposit of funds in		
6	the plan under subdivision (f)(2) of this section shall be calculated in th		
7	same manner as interest under subdivision (e)(2) of this section.		
8	(B) However, the minimum interest rate shall not be less		
9	than zero percent (0%).		
10	(4) The payment of funds accumulated while participating in the		
11	deferred retirement option plan may be deferred only one (1) time. These		
12	funds must be distributed or annuitized by December 31 of the year a member		
13	attains age seventy and one-half (70 1/2).		
14	(g) If the participant dies during the period of participation in the		
15	plan, a lump-sum payment equal to the account balance of the participant		
16	shall be paid.		
17	(h) A participant in the plan shall not receive any benefits under the		
18	plan unless he or she participates in the plan for a minimum of one (1) year,		
19	absent death or disability.		
20	(i) The Arkansas Fire and Police Pension Review Board may promulgate		
21	regulations to make the plan under this section comply with the requirements		
22	of this section and with the applicable portions of the federal Internal		
23	Revenue Code, as it existed on January 1, 2003.		
24	(j) Although the police officer may remain employed by the		
25	participating municipality, any member who opts to participate in the plan		
26	shall be considered to be retired for all retirement purposes, including, but		
27	not limited to, benefit increase purposes and the extension of benefits to		
28	the spouses of deceased members.		
29			
30	/s/ T. Smith		
31			
32			
33			
34			
35			
36			