## 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	1 State of Arkansas As Engrossed: S2	/28/07
2	2 86th General Assembly ${ m A}~{ m I}$	31ll
3	Regular Session, 2007	SENATE BILL 155
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5	By: Senator T. Smith	
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8	For An Act T	o Be Entitled
9	AN ACT TO AMEND ARKANSAS CODE § 24-11-434	
10	CONCERNING THE DEFERRED RETIREMENT OPTION PLAN;	
11	1 AND FOR OTHER PURPOSES.	
12	2	
13	Sub Sub	title
14	4 AN ACT TO AMEND ARKANS	SAS CODE § 24-11-
15	5 434 CONCERNING THE DEE	TERRED RETIREMENT
16	6 OPTION PLAN.	
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19	9 BE IT ENACTED BY THE GENERAL ASSEMBLY O	F THE STATE OF ARKANSAS:
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21	SECTION 1. Arkansas Code § 24-11	-434 is amended to read as follows:
22	2 24-11-434. Deferred retirement o	ption plan.
23	3 (a)(l) In lieu of terminating em	ployment and accepting a service
24	retirement pension <del>pursuant to § 24-11-401 et seq.</del> under this subchapter, any	
25	5 police officer who is a member of a pol	icemen's pension and relief fund who
26	6 has not less than twenty (20) years of	credited service and who is eligible
27	7 to receive a service retirement pension	may elect to participate in the
28	8 Arkansas Police Officers' Deferred Opti	on Plan and defer the receipt of
29	benefits in accordance with the provisi	ons of this section, provided that the
30	board of trustees of the local policeme	n's pension and relief fund approves
31	l the participation in the plan.	
32	2 (2) For purposes of this s	ection, credited service shall include
33	3 service credit recognized pursuant to t	his subchapter.
34	(b)(l) The duration of participa	tion in the plan for active police
35	officers shall not exceed five (5) years.	
36	6 (2) The five-year limit ma	y be extended if:

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1 The extension does not cause the limit to exceed ten (A)2 (10) years; 3 (B) The extension applies to all active members and all 4 members on the plan; 5 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 credited be less than zero percent (0%); and 13 14 (E) The extension is approved by a majority vote of the 15 governing body of the sponsoring municipality. 16 (c)(1) Except under subdivision subdivisions (c)(2) and (c)(3) of this 17 section, at the conclusion of a member's participation in the plan, the member shall terminate employment with all participating municipalities as a 18 19 police officer and shall start receiving the member's accrued monthly retirement benefit from the policemen's pension and relief fund. 20 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 The municipality makes continued employment available (A)25 to all similarly situated members. 26 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 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%); The employer's matching contribution of six percent

(6%) shall cease, but all other employer contributions shall continue and be

- 1 credited to the pension and relief fund; and
- 2 (F) The employee contributions of six percent (6%) shall
- 3 discontinue.
- 4 (3) A member may enter into employment with a participating
- 5 municipality other than the municipality he or she was employed by at the
- 6 time of retirement so long as the member has a break of service from his or
- 7 her previous employer of at least thirty (30) days.
- 8 (d)(1) When a member begins participation in the plan, the
- 9 contribution of the police officer and the employer contribution shall
- 10 continue to be paid.
- 11 (2)(A) In a municipality having a population of over twenty
- 12 thousand (20,000) persons, municipal matching contributions for employees who
- 13 elect the plan shall be credited equally to the policemen's pension and
- 14 relief fund and to the plan, or at the option of the local pension and relief
- 15 fund board of trustees, credited in the manner provided in subdivision
- 16 (d)(2)(B) of this section.
- 17 (B) In a municipality having a population of twenty
- 18 thousand (20,000) persons or less, municipal matching contributions for
- 19 employees who elect the plan shall be credited in full to the policemen's
- 20 pension and relief fund, and the contribution of the employee shall be
- 21 credited to the member's plan account.
- 22 (3) The monthly retirement benefits that would have been payable
- 23 had the member elected to cease employment and receive service retirement and
- 24 pension supplement payments made by the Policemen's Pension Supplement
- 25 Program shall be paid into the plan account.
- 26 (e)(1) The member's monthly retirement benefit shall not change unless
- 27 the plan receives a benefit increase.
- 28 (2)(A) A member who participates in this plan shall earn
- 29 interest at a rate of two (2) percentage points below the rate of return of
- 30 the investment portfolio of the policemen's pension and relief fund as
- 31 certified by the actuary under contract with the Arkansas Fire and Police
- 32 Pension Review Board in accordance with generally accepted actuarial
- 33 practices and § 24-11-207 but no less than the actuarial assumed interest
- 34 rate as certified by the actuary.
- 35 (B) The interest shall be credited to the individual
- 36 account balance of the member on an annual basis.

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

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34 /s/ T. Smith

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