

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 87th General Assembly
3 Regular Session, 2009
4

As Engrossed: S2/5/09
A Bill

SENATE BILL 128

5 By: Senators Faris, *Wilkinson*
6 By: *Representative Stewart*
7

8
9 **For An Act To Be Entitled**

10 AN ACT TO ALLOW MEMBERS OF STATE-SUPPORTED
11 RETIREMENT SYSTEMS WHO ARE RECEIVING FEDERAL
12 MILITARY SERVICE RETIREMENT TO PURCHASE CREDITED
13 SERVICE FOR SERVICE RENDERED BY THE MEMBERS IN
14 THE ARMED FORCES; TO ALLOW MEMBERS OF THE
15 ARKANSAS PUBLIC EMPLOYEES' RETIREMENT SYSTEM TO
16 PURCHASE UP TO FIVE (5) YEARS OF COMPENSATED
17 SERVICE IN THE ARKANSAS NATIONAL GUARD OR ARMED
18 FORCES RESERVE; TO ALLOW MEMBERS OF THE ARKANSAS
19 PUBLIC EMPLOYEES' RETIREMENT SYSTEM TO PURCHASE
20 ONE (1) YEAR OF SERVICE CREDIT FOR ONE (1) YEAR
21 OF COMPENSATED SERVICE IN THE ARKANSAS NATIONAL
22 GUARD OR THE ARMED FORCES RESERVE; TO PROVIDE
23 EMPLOYMENT PROTECTION TO ACTIVE-DUTY MILITARY
24 PERSONNEL; AND FOR OTHER PURPOSES.
25

26 **Subtitle**

27 TO ALLOW FEDERAL MILITARY RETIREMENT
28 MEMBERS TO PURCHASE CREDITED SERVICE,
29 ENHANCE THE PURCHASE OF COMPENSATED
30 SERVICES BY ARKANSAS NATIONAL GUARD AND
31 ARMED FORCES RESERVE MEMBERS, AND
32 PROVIDE EMPLOYMENT PROTECTION.
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35 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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1 SECTION 1. Arkansas Code § 24-2-502(a), concerning purchased credited
2 service, is amended to read as follows:

3 (a) Any person who is or was a member of a state-supported retirement
4 system in this state and who was not receiving benefits under the system on
5 July 9, 1975, shall be entitled to purchase credited service in the system
6 for a period not to exceed five (5) years for service rendered by the member
7 in the armed forces of the United States prior to the member's employment in
8 a position covered by a state-supported retirement system, but only if the
9 person:

10 (1) Has five (5) years of actual service with the retirement
11 system;

12 (2) Received an honorable discharge from the armed forces; and

13 ~~(3) Is not receiving federal military service retirement pay~~
14 ~~based upon nineteen (19) or more years of active duty, but disability federal~~
15 ~~retirement pay shall not disqualify a member from the purchasing credit; and~~

16 ~~(4)(A)(3)(A)~~ For the first three (3) years of credited service,
17 contributes to the members' deposit account a sum of money equal to the
18 amount he or she would have contributed to the account had he or she been a
19 member during his or her term of military service. This amount shall be based
20 upon his or her monthly contributions at the time he or she first became a
21 member of the retirement system and interest thereon at the rate of six
22 percent (6%), together with an amount equal to the employer's matching
23 contribution and interest thereon at the rate of six percent (6%), which
24 interest shall commence January 1, 1976, or six (6) months after eligibility,
25 whichever is later; and

26 (B) For the fourth and fifth year of credited service,
27 contributes to the members' deposit account a sum of money equal to the
28 amount he or she would have contributed to the account had he or she been a
29 member during his or her term of military service. This amount shall be based
30 upon:

31 (i) His or her salary at the time he or she first
32 became a member of the retirement system;

33 (ii) The employer's contribution in effect at the
34 time he or she first became eligible to purchase the military service; and

35 (iii) Interest thereon on both the employee's and
36 employer's contributions at the rate of six percent (6%), which interest

1 shall commence January 1, 1976, or six (6) months after eligibility,
2 whichever is later.

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4 SECTION 2. Arkansas Code § 24-2-503 is amended to read as follows:
5 24-2-503. Arkansas National Guard and armed forces reserve service
6 credit.

7 (a) As used in this section, "armed forces reserve" means one (1) of
8 the reserve components of the armed forces of the United States.

9 (b)(1) A member of the Arkansas Public Employees' Retirement System
10 may purchase credited service in the system for a period not to exceed ~~one~~
11 ~~(1) year~~ five (5) years for compensated service rendered by the member in the
12 Arkansas National Guard or in the armed forces reserve if the member:

13 (A) Makes an application to the Board of Trustees of the
14 Arkansas Public Employees' Retirement System;

15 (B) Provides the board with satisfactory proof of that
16 person's service in the Arkansas National Guard or in the armed forces
17 reserve; and

18 (C)(i) For the ~~year~~ years of service credit granted, pays
19 to the system the employee and employer contributions based on the greater
20 of:

21 (a) The annual salary received by the member
22 for the member's first full year of credited service that precedes the fiscal
23 year in which the service is purchased; or

24 (b) The average of the three (3) highest
25 annual salaries earned at the time of purchase.

26 (ii) The member shall pay interest from the end of
27 that year of credited service to the date of payment in full.

28 (2) Payment for service under this section shall be based on the
29 contribution rates in effect at the time of the purchase.

30 (3) The payment shall be credited to the member's deposit
31 account and is in addition to any regular member contributions.

32 (c) A member shall receive one (1) year of purchased service credit
33 for every ~~five (5) years~~ one (1) year of compensated service in the Arkansas
34 National Guard or in the armed forces reserve.

35 (d) The service in the Arkansas National Guard or in the armed forces
36 reserve shall not become credited service under this system until the member:

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(1) Pays for the year of service in the Arkansas National Guard or in the armed forces reserve at one (1) time in a single lump-sum payment; and

(2) Has established five (5) or more years of actual service in the system.

(e) If a member ceases to be an active member before the service in the Arkansas National Guard or in the armed forces reserve has been established as system-credited service, the member payments contributed under this section are refundable, together with regular interest.

(f)(1) This section is supplemental to § 24-2-502, and nothing in this section shall diminish the right of any member of the system to obtain credited service in the system for active duty military service within the limits permitted by § 24-2-502.

(2) However, no member is entitled to receive more than ~~three~~ five (5) years of credited service rendered by the member under this section.

(3) No member is eligible to purchase service credit in more than one (1) ~~state-supported~~ retirement system, whether federally or state-supported, for service time in the Arkansas National Guard or in the armed forces reserve.

(4) Service credit in the system for active duty military service under § 24-2-502 and for service in the Arkansas National Guard or in the armed forces reserve shall not be given for the same period of time.

(5) A member's service in the Arkansas National Guard or armed forces reserve shall not make the member eligible for any kind of benefit under any other state-supported retirement system, ~~including federal systems~~, except social security.

SECTION 3. Arkansas Code Title 24, Chapter 2, Subchapter 5 is amended to add an additional section to read as follows:

24-2-504. Return to covered employment by military personnel.

(a) An active member of the state retirement system who is called to active military duty shall be afforded all employment protections as provided in the Uniformed Services Employment and Reemployment Rights Act, as in effect on January 1, 2009.

1 (b) Employer contributions shall be paid for the state retirement
2 system member's period of active military duty by the member's last
3 retirement system employer immediately before the member's active duty, in
4 accordance with the Uniformed Services Employment and Reemployment Rights
5 Act, as in effect on January 1, 2009.

6 (c) In order to receive retirement credit in the state retirement
7 system for the time spent in active duty, a member covered by the
8 contributory provisions of the member's state retirement system who returns
9 from active military duty to either the same or a different covered employer
10 shall pay into the state retirement system the employee contributions that
11 would have otherwise been paid into the state retirement system by the member
12 as though the member had never left covered service.

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14 SECTION 4. EMERGENCY CLAUSE. It is found and determined by the
15 General Assembly of the State of Arkansas that many of the citizens of the
16 State of Arkansas are serving our country as active duty military and in the
17 Arkansas National Guard and Armed Forces Reserve; that they should not be
18 penalized for their service to their country; and that current retirement law
19 does not fully provide for our servicemen and servicewomen as provided for in
20 federal law. Therefore, an emergency is declared to exist and this act being
21 necessary for the preservation of the public peace, health, and safety shall
22 become effective on:

23 (1) The date of its approval by the Governor;

24 (2) If the bill is neither approved nor vetoed by the Governor, the
25 expiration of the period of time during which the Governor may veto the bill;
26 or

27 (3) If the bill is vetoed by the Governor and the veto is overridden,
28 the date the last house overrides the veto.

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30 */s/ Faris*