

1 State of Arkansas
2 88th General Assembly
3 Regular Session, 2011
4

As Engrossed: H2/21/11

A Bill

HOUSE BILL 1213

5 By: Representatives Deffenbaugh, Carnine
6

For An Act To Be Entitled

8 AN ACT TO AMEND THE LAW CONCERNING THE ARKANSAS STATE
9 HIGHWAY EMPLOYEES' RETIREMENT *SYSTEM; TO DECLARE AN*
10 *EMERGENCY; AND FOR OTHER PURPOSES.*

Subtitle

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14 *TO AMEND THE LAW CONCERNING THE ARKANSAS*
15 *STATE HIGHWAY EMPLOYEES' RETIREMENT*
16 *SYSTEM; TO DECLARE AN EMERGENCY.*

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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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21 *SECTION 1. Arkansas Code § 24-5-101, regarding definitions under the*
22 *Arkansas State Highway Employees' Retirement System, is amended to add an*
23 *additional subdivision to read as follows:*

24 *(14) "Actuarial equivalent" means a benefit of equal reserve*
25 *value when reserve is the present value of all payment to be made on account*
26 *of any benefit based upon such reasonable rate of interest and table of*
27 *experience as a plan shall adopt from time to time.*

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29 *SECTION 2. Arkansas Code § 24-5-111 is repealed.*

30 ~~*24-5-111. Credit for prior service with public employer.*~~

31 ~~*(a) Any employee of the Arkansas State Highway and Transportation*~~
32 ~~*Department who became a member of the Arkansas State Highway Employees'*~~
33 ~~*Retirement System on or before July 1, 1967, upon application and submission*~~
34 ~~*of proper proof to the Board of Trustees of the Arkansas State Highway*~~
35 ~~*Employees' Retirement System, shall receive prior service credit for any*~~
36 ~~*service rendered to any public employer, as defined in § 24-4-101, prior to*~~



1 ~~July 1, 1967.~~

2 ~~(b) Before any member or employee is credited with such prior service,~~
 3 ~~the member or employee shall pay into the system an amount equal to that~~
 4 ~~which the member would have paid had the service to be credited been~~
 5 ~~performed for the department, together with such interest as may be~~
 6 ~~prescribed by the board.~~

7 ~~(c) It is the purpose of § 24-5-110 and this section to protect~~
 8 ~~employees and to provide that employees will not lose their status or~~
 9 ~~retirement benefits by changing employment from one (1) state department to~~
 10 ~~another state department and that employment by the Arkansas State Highway~~
 11 ~~and Transportation Department and other departments shall be cumulative in~~
 12 ~~calculating retirement benefits.~~

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 14 SECTION 3. Arkansas Code § 24-5-117, regarding benefits and withdrawal
 15 from service under the Arkansas State Highway Employees' Retirement System,
 16 is amended to add an additional subsection to read as follows:

17 (c) The payment of the cost of the refunded service shall be based on
 18 an actuarial equivalent as prescribed by the board if a member:

19 (1) Is reemployed by a state employer;

20 (2) Has received a refund from the Arkansas State Highway
 21 Employees' Retirement System; and

22 (3) Seeks to reinstate time withdrawn.

23
 24 SECTION 4. Arkansas Code § 24-5-121 is repealed.

25 ~~24-5-121. Life annuities for surviving spouse — Return of funds~~
 26 ~~previously withdrawn.~~

27 ~~(a)(1) The surviving spouse of any person who had twenty (20) or more~~
 28 ~~years of creditable service under the Arkansas State Highway Employees'~~
 29 ~~Retirement System and who died subsequent to July 1, 1969, but on or before~~
 30 ~~April 1, 1971, while drawing benefits under the system shall be entitled to~~
 31 ~~receive a life annuity equal to forty two and one half percent (42.5%) of the~~
 32 ~~annuity which the deceased member was receiving at the time of death.~~

33 ~~(2) The surviving spouse shall be entitled to receive the~~
 34 ~~benefits provided for in this section from the date application therefor is~~
 35 ~~made to the Board of Trustees of the Arkansas State Highway Employees'~~
 36 ~~Retirement System.~~

1 ~~(b) If any surviving spouse of a deceased member who is otherwise~~
2 ~~entitled to receive an annuity under the provisions of this section has~~
3 ~~withdrawn any portion of the employee contributions made to the system by the~~
4 ~~deceased member, the surviving spouse shall return the funds so withdrawn~~
5 ~~with interest at the rate of three percent (3%) from the date withdrawn to~~
6 ~~the date returned to the system.~~

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8 SECTION 5. Arkansas Code § 24-5-123(a)(5), regarding credit for
9 military service, is amended to read as follows:

10 (5) ~~Contributes to the members' deposit account a sum of money~~
11 ~~equal to the amount that would have been contributed during the term of~~
12 ~~military service allowable, based upon the biweekly earnings of the member at~~
13 ~~the time the member first reinstates membership in the system after~~
14 ~~completing the period of active military service times a rate equal to the~~
15 ~~sum of the contribution rates for both the member and the employer at the~~
16 ~~time the membership was first reinstated after completion of the active~~
17 ~~military service an amount based on an actuarial equivalent as prescribed by~~
18 ~~the Board of Trustees of the Arkansas State Highway Employees' Retirement~~
19 ~~System.~~

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21 SECTION 6. EMERGENCY CLAUSE. It is found and determined by the
22 General Assembly of the State of Arkansas that certain provisions of the
23 Arkansas State Highway Employees' Retirement System law are in urgent need of
24 revision to bring them into conformance with sound public pension policy;
25 that this revision is of great importance to members of the Arkansas State
26 Highway Employees' Retirement System and to other citizens of the State of
27 Arkansas; that a member's purchase of service credit currently provides that
28 a member pay the system yesterday's dollars for the value of today's
29 benefits; that such a valuation is unfair to the members as a whole and
30 inconsistent with the prudent management of the system's funds and
31 obligations; that the purchase of service credit in the system should be
32 based upon actuarial equivalents; that the purchase of service credit should
33 be paid in a lump sum to the system unless otherwise authorized; that current
34 service purchase accounts remain unpaid and inactive for many years at a time
35 and create an administrative burden and accounting difficulty on the system
36 that can be remedied by the passage of this act; and that this act is

1 necessary to maintain an orderly system of benefits for the members of the
2 Arkansas State Highway Employees' Retirement System. Therefore, an emergency
3 is declared to exist and this act being necessary for the preservation of the
4 public peace, health, and safety shall become effective on July 1, 2011.

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6 /s/Deffenbaugh
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