

1 State of Arkansas  
2 93rd General Assembly  
3 Regular Session, 2021  
4

# A Bill

HOUSE BILL 1275

5 By: Representative S. Smith  
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## For An Act To Be Entitled

8 AN ACT TO ALLOW THE ADMINISTRATION OF MONTHLY  
9 BENEFITS UNDER A PUBLIC RETIREMENT SYSTEM TO BE  
10 TRANSFERRED TO ANOTHER PUBLIC RETIREMENT SYSTEM;  
11 CONCERNING RECIPROCAL SERVICE CREDIT AND CONCURRENT  
12 EMPLOYMENT; AND FOR OTHER PURPOSES.  
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## Subtitle

15 TO ALLOW THE ADMINISTRATION OF MONTHLY  
16 BENEFITS UNDER A PUBLIC RETIREMENT SYSTEM  
17 TO BE TRANSFERRED TO ANOTHER PUBLIC  
18 RETIREMENT SYSTEM; AND CONCERNING  
19 RECIPROCAL SERVICE CREDIT AND CONCURRENT  
20 EMPLOYMENT.  
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24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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26 SECTION 1. Arkansas Code § 24-2-101 is enacted to read as follows:

27 24-2-101. Transfer of administration of monthly benefits.

28 (a) A person may transfer the administration of his or her monthly  
29 benefits received from a public retirement system to another public  
30 retirement system if:

31 (1) The person has credited service in the public retirement  
32 system to which the administration of the monthly benefits will be  
33 transferred; and

34 (2) The board of trustees of the transferring public retirement  
35 system and the board of trustees of the receiving public retirement system  
36 determine that the transfer is actuarially sound.



1           (b)(1) If a person elects to transfer the administration of his or her  
 2 monthly benefits under subsection (a) of this section, the public retirement  
 3 system from which the person retired shall transfer the following to the  
 4 public retirement system selected by the person to administer his or her  
 5 monthly benefits:

6                   (A) Contributions paid by the person to the transferring  
 7 public retirement system; and

8                   (B) Contributions paid by the person's covered employer  
 9 to the transferring public retirement system.

10           (2) The receiving public retirement system to which a person  
 11 elects to transfer the administration of his or her monthly benefits may  
 12 require the person to pay to the receiving public retirement system interest  
 13 and any other cost necessary to make the transfer actuarially sound before  
 14 the transfer is initiated.

15           (3) A transfer of the administration of monthly benefits under  
 16 subsection (a) of this section is irrevocable.

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 18           SECTION 2. Arkansas Code § 24-2-402 is amended to read as follows:  
 19           24-2-402. Deferred annuity – Eligibility – Definition.

20           ~~If a member of a reciprocal system left or leaves a position covered by~~  
 21 ~~a reciprocal system, if an employee in a position covered by a reciprocal~~  
 22 ~~system left the employ of a state employer before the latter position was~~  
 23 ~~covered by a reciprocal system, or if an employee in a position later covered~~  
 24 ~~by a reciprocal system leaves that position before it is covered by a~~  
 25 ~~reciprocal system, which in this section in each case is called the~~  
 26 ~~“preceding system”, and if that person entered or enters a position covered~~  
 27 ~~by a reciprocal system, which in this section is called the “succeeding~~  
 28 ~~system”, and if the person is a member of the succeeding system after July 1,~~  
 29 ~~1975, then the A person shall be entitled to a deferred annuity payable by~~  
 30 ~~the a preceding system subject to the following conditions:~~

31                   (1) The person:

32                   (A) Is a member of a reciprocal system who left or leaves  
 33 a position covered by the reciprocal system;

34                   (B) Is an employee in a position covered by a reciprocal  
 35 system who left the employ of a state employer before the position was  
 36 covered by the reciprocal system;

1                    (C) Is an employee who:

2                    (i) Is employed in a position that is not covered by  
 3 a reciprocal system:

4                    (ii) Leaves the position that is not covered by a  
 5 reciprocal system before the position is covered by a reciprocal system;

6                    (iii) Begins employment in another position covered  
 7 by another reciprocal system; and

8                    (iv) Is a member of the succeeding reciprocal system  
 9 described in subdivision (1)(C)(iii) of this section after July 1, 1975; or

10                   (D) Is an employee who:

11                   (1) Is not described in § 24-2-408; and

12                   (2) Has concurrent employment resulting in  
 13 concurrent membership in two (2) reciprocal systems;

14                   ~~(1)~~(2) The person has credited service acquired in the employ of  
 15 the preceding state employer or his or her concurrent state employers;

16                   ~~(2)(A)~~(3)(A) The person does not withdraw his or her accumulated  
 17 contributions from the preceding or concurrent reciprocal system, or if he or  
 18 she has withdrawn his or her accumulated contributions, he or she deposits  
 19 with the preceding or concurrent reciprocal system the amount he or she  
 20 withdrew, together with interest from the date of withdrawal to the date of  
 21 repayment at the rate in effect for the preceding or concurrent reciprocal  
 22 system, but that deposit must be made while he or she is an active member of  
 23 a reciprocal system.

24                   (B) In addition to the forfeited credited service, the  
 25 active member of a reciprocal system shall receive credit for his or her  
 26 previous employment with a ~~public~~ state employer upon his or her paying the  
 27 prescribed employee and employer contributions based upon the rate in effect  
 28 during the previous employment, together with regular interest from the dates  
 29 for the previous service to the date of repayment.

30                   (C) The provisions for determining a year of service  
 31 credit shall be the prevailing rules of each reciprocal system;

32                   ~~(3)~~(4) The person qualifies for age and service retirement in  
 33 the succeeding or concurrent reciprocal system using his or her credited  
 34 service in force with the preceding or concurrent reciprocal system plus his  
 35 or her credited service acquired in the employ of succeeding or concurrent  
 36 state employers to meet the minimum service requirements of the succeeding or

1 concurrent reciprocal systems;

2 ~~(4)-(A)~~(5)(A) The person's annuity payable by the preceding or  
3 concurrent reciprocal system shall be upon the basis of the annuity formula  
4 of the preceding or concurrent reciprocal system, exclusive of any minimum  
5 amount at the time the person begins to receive monthly retirement benefits  
6 from ~~that~~ the preceding or concurrent reciprocal system.

7 (B) The final average compensation to be used to determine  
8 monthly benefits payable to ~~that~~ the person shall be that of the reciprocal  
9 system ~~which~~ that furnishes the highest final average compensation at the  
10 time of retirement, but each reciprocal system shall use the method of  
11 computing final average compensation stipulated by its law, and compensation  
12 in the Arkansas Judicial Retirement System shall not be used to determine  
13 final average compensation.

14 (C) Any person retiring on or after July 1, 1982, with  
15 credited service in more than one (1) reciprocal system shall have his or her  
16 benefits recomputed based on the provisions of this section;

17 ~~(5)-(A)~~(6)(A) It is the expressed intention of this ~~subdivision~~  
18 ~~(5)~~ subdivision to provide the same death-in-service benefits that would have  
19 been payable had the member died while an active member of a reciprocal  
20 retirement system.

21 (B) A member who dies in service while a member of one (1)  
22 reciprocal system shall be considered as currently employed by all systems in  
23 which the member retains credited service.

24 (C) If a member has accrued credited service under the  
25 provisions of this subchapter but dies before retirement or before becoming  
26 eligible to retire, then the benefits payable shall be those provided by the  
27 reciprocal retirement system named in this subchapter, with each system being  
28 responsible for the payment of the death-in-service benefits provided by the  
29 applicable provisions of its retirement laws.

30 (D) If death-in-service benefits are payable by more than  
31 one (1) reciprocal system to eligible survivors of a deceased member, the  
32 survivors shall not receive more, as a percentage of the deceased member's  
33 final pay or as a minimum dollar amount, than the largest amount payable by  
34 any single reciprocal system.

35 (E) Each reciprocal system that has a minimum benefit  
36 provision in its plan shall pay only a proportionate share of that minimum

1 amount based on the ratio of service in that system to the total service in  
2 all reciprocal systems.

3 (F) If the reciprocal system is an alternate retirement  
4 plan under § 24-7-801 et seq. or § 24-7-901 et seq., death-in-service  
5 benefits shall be contingent on provision of that benefit having been  
6 provided by the alternate retirement plan and having been selected by the  
7 member as a benefit;

8 ~~(6)~~(7) Both service in the Arkansas Public Employees' Retirement  
9 System as a member of the General Assembly and service in another reciprocal  
10 system during the same period of time may be counted to meet the service  
11 requirements for benefits from the reciprocal system subject to the  
12 following:

13 (A) The benefit payable by a reciprocal system ~~will~~ shall  
14 be based on the credited service in ~~that~~ the reciprocal system and the final  
15 average compensation under that system. ~~However, nothing in this subdivision~~  
16 ~~(6)(A) shall diminish the General Assembly member's right to a benefit for~~  
17 ~~which the person is qualified under the provisions of § 24-4-706 [repealed];~~  
18 and

19 (B)(i) "Final average compensation" as used in this  
20 section means the combined highest salaries from the ~~preceding and succeeding~~  
21 reciprocal systems equaling thirty-six (36) complete months divided by three  
22 (3) if a member has:

23 (a) Fewer than twenty (20) years of credited  
24 service on July 1, 2009; and

25 (b) Fewer than three (3) years of service in a  
26 succeeding reciprocal system.

27 (ii) If the member is a state police officer covered  
28 under § 24-6-401 et seq., the combined salaries shall be from the preceding  
29 or concurrent system and State Police Retirement System equaling forty-eight  
30 (48) months divided by four (4);

31 ~~(7)(A)~~(8)(A) If the ~~preceding or succeeding~~ reciprocal system is  
32 the Arkansas Judicial Retirement System and the member's benefits are  
33 determined under § 24-8-201 et seq., the benefit payable by the Arkansas  
34 Judicial Retirement System shall be determined by multiplying the benefit  
35 provided by § 24-8-218 by the following fraction:

36 (i) The numerator shall be the number of the actual

1 years of service credited in the Arkansas Judicial Retirement System as a  
 2 justice of the Supreme Court or judge of the circuit or chancery courts or  
 3 the Court of Appeals; and

4 (ii) The denominator shall be fourteen (14) years.

5 (B) In no instance shall the benefit payable by the  
 6 Arkansas Judicial Retirement System exceed the benefit provided by § 24-8-  
 7 218;

8 ~~(8)(A)(i)~~(9)(A)(i) If the ~~preceding or succeeding~~ reciprocal  
 9 system offers a deferred retirement option plan for its members, both service  
 10 in the ~~preceding and the succeeding~~ reciprocal system may be counted to meet  
 11 the minimum service credit requirements for benefits under a reciprocal  
 12 system's deferred retirement option plan.

13 (ii) The benefit payable by the preceding or  
 14 concurrent reciprocal system shall be based on the annuity formula of the  
 15 preceding or concurrent reciprocal system, exclusive of any minimum amount at  
 16 the time the person begins to receive monthly retirement benefits from ~~that~~  
 17 the preceding or concurrent reciprocal system under ~~its~~ the preceding or  
 18 concurrent reciprocal system's deferred retirement option provisions.

19 (iii) The final average compensation to be used to  
 20 determine monthly benefits payable to ~~that~~ the person shall be that of the  
 21 reciprocal system ~~which~~ that furnishes the highest final average compensation  
 22 at the time of retirement, but each reciprocal system shall use the method of  
 23 computing final average compensation stipulated by its law, and compensation  
 24 in the Arkansas Judicial Retirement System shall not be used to determine  
 25 final average compensation.

26 (iv) Any interest credited to the deferred  
 27 retirement account will be paid to the member's account under the deferred  
 28 retirement option benefit program in effect for that system.

29 (B) The ~~boards~~ board of trustees of each ~~preceding or~~  
 30 ~~succeeding~~ reciprocal system shall promulgate such rules as are necessary to  
 31 coordinate their benefits with any reciprocal system providing a deferred  
 32 retirement option plan; and

33 ~~(9)(10)~~ If the ~~preceding or succeeding~~ reciprocal system is an  
 34 alternate retirement plan for a college, university, or the Division of  
 35 Higher Education provided for under § 24-7-801 et seq., or for a vocational-  
 36 technical school or the Department of Career Education provided for under §

1 24-7-901 et seq., the benefits payable shall be in accordance with terms  
 2 specified in the written alternate retirement plan document for purchasing  
 3 the insurance policies or annuity contracts, both fixed and variable in  
 4 nature, for the participants.

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 6 SECTION 3. Arkansas Code Title 24, Chapter 2, Subchapter 4, is amended  
 7 to add an additional section to read as follows:

8 24-2-409. Concurrent employment.

9 (a) A person who has concurrent employment resulting in concurrent  
 10 membership in two (2) or more reciprocal systems is eligible to receive  
 11 reciprocal service credit in any of the reciprocal systems.

12 (b)(1) A person described in subsection (a) of this section shall  
 13 select the reciprocal system to which his or her reciprocal service credit  
 14 shall apply.

15 (2) A selection made under subdivision (b)(1) of this section is  
 16 irrevocable.

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