

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas  
90th General Assembly  
Regular Session, 2015

As Engrossed: S2/4/15  
**A Bill**

SENATE BILL 134

By: Senator D. Johnson  
By: Representative Vines

### For An Act To Be Entitled

AN ACT TO MAKE TECHNICAL CORRECTIONS TO TITLE 24 OF  
THE ARKANSAS CODE CONCERNING PUBLIC RETIREMENT; AND  
FOR OTHER PURPOSES.

### Subtitle

TO MAKE TECHNICAL CORRECTIONS TO TITLE 24  
OF THE ARKANSAS CODE CONCERNING PUBLIC  
RETIREMENT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 24-7-305(b) is amended to read as follows  
to make stylistic changes:

(b)(1) The board shall promulgate rules as it ~~deems~~ considers  
necessary from time to time in the transaction of its business and in  
administering the Arkansas Teacher Retirement System.

(2) In order to fully comply with federal requirements that may  
affect the members or the members' benefits under this subchapter, and to  
limit the impact of changes in federal requirements on members or the  
members' benefits, the board may promulgate rules to:

(A) Establish the regular retirement age for members  
consistent with ~~the provisions of section~~ Section 411 of the Internal Revenue  
Code;

(B) Maintain the system's retirement plan tax  
qualification status by the federal government to remain tax exempt and tax  
qualified under ~~section~~ Section 401(a) of the Internal Revenue Code; and



(C) Modify or eliminate a plan provision that was originally established to comply with Internal Revenue Code requirements but is no longer necessary to maintain the plan's tax-qualified status under the Internal Revenue Code, including without limitation provisions concerning:

- (i) Penalties;
- (ii) Restrictions;
- (iii) Time limitations; and
- (iv) Other requirements that impact a member,

members' benefits, or the plan.

~~(D)~~ (3) The board may adopt rules, procedures, plans, programs, and actions necessary to enable the system to pay all benefits earned by the system's members and reduce penalties or restrictions required by the Internal Revenue Service while maintaining compliance with the Internal Revenue Service.

SECTION 2. Arkansas Code § 24-11-102(b)(4)(B) is amended to read as follows to make stylistic changes and clarify a reference to the Arkansas Fire and Police Pension Review Board:

(B) All actions taken by the executive director shall be subject to review and acceptance by the ~~review board~~ Arkansas Fire and Police Pension Review Board.

SECTION 3. Arkansas Code § 24-11-203(d) is amended to read as follows to make stylistic changes:

(d)(1) Members of the Arkansas Fire and Police Pension Review Board who are appointed as employer members shall be elected or appointed officials of municipalities or fire protection districts with established ~~firemen's or policemen's pension and relief funds~~ policemen's pension and relief funds or firemen's relief and pension funds.

(2) However, employer members shall not be from the same municipality or fire protection district.

SECTION 4. Arkansas Code § 24-11-205(b)(6) is amended to read as follows to make stylistic changes:

(6)(A) Assumptions of future experiences ~~which~~ that are appropriate for the fund in pursuing the general financial objective

established by this subchapter.

(B) Assumptions shall be made with respect to at least the following:

- ~~(A) Investment return;~~
- ~~(B) Pay increase assumptions;~~
- ~~(C) Mortality;~~
- ~~(D) Withdrawal (turnover);~~
- ~~(E) Disability;~~
- ~~(F) Retirement ages; and~~
- ~~(G) Change in active employee group size.~~

~~If the pay increase assumption is a constant percentage for all active employee ages, the investment return rate percentage shall not exceed the pay increase percentage by more than two percent (2%) annually, compounded annually, and preferably not by more than one and one-half percent (1.5%). If the pay increase assumptions are the total of a constant percent plus a changing percentage which decreases as age increases, the investment return rate percentage shall not exceed the constant percent of the pay increase assumptions by more than three percent (3%) annually, compounded annually, and preferably not by more than two percent (2%).~~

~~If the entire employee group size is assumed to increase, the increase shall be assumed to occur within the five-year period after the valuation date, and to an eventual active employee group size no more than one hundred fifteen percent (115%) of present size;~~

(i) Investment return;

(ii)(a) Pay increase assumptions.

(b) If the pay increase assumption is a constant percentage for all active employee ages, the investment return rate percentage shall not exceed the pay increase percentage by more than two percent (2%) annually, compounded annually, and preferably not by more than one and one-half percent (1.5%).

(c) If the pay increase assumptions are the total of a constant percent plus a changing percentage that decreases as age increases, the investment return rate percentage shall not exceed the constant percent of the pay increase assumptions by more than three percent (3%) annually, compounded annually, and preferably not by more than two percent (2%);

- (iii) Mortality;
- (iv) Withdrawal or turnover;
- (v) Disability;
- (vi) Retirement ages; and
- (vii)(a) Change in active employee group size.

(b) If the entire employee group size is assumed to increase, the increase shall be assumed to occur within the five-year period after the valuation date, and to an eventual active employee group size no more than one hundred fifteen percent (115%) of present size;

SECTION 5. Arkansas Code § 24-11-422(a)(1)(B) is amended to read as follows to make stylistic changes:

(a)(1)(B) Upon written application by the member, ~~the board of trustees shall place him or her on the pension roll and he or she~~ the member shall be entitled to receive from the fund a monthly pension equal to one-half ( $\frac{1}{2}$ ) the actual salary based upon his or her highest salary year during his or her time of service.

SECTION 6. Arkansas Code § 24-11-824(a) is amended to read as follows to clarify a first reference to a local board of commissioners:

(a) Any fire protection district in this state formed pursuant to §§ 14-284-101 – 14-284-121 and maintaining a fire department within that district is eligible to establish by resolution of the board of commissioners of the district a firemen's relief and pension fund covering the employees of that fire department.

SECTION 7. Arkansas Code § 24-11-826 is amended to read as follows to clarify internal references and remove references to a repealed Code section:

24-11-826. Additional benefits for certain firefighters hired prior to January 1, 1983.

(a)(1) Beginning July 1, 1987, in addition to the monthly pension benefits as set forth in §§ 24-11-801 – 24-11-807, 24-11-809, 24-11-812 – 24-11-815, 24-11-818, and 24-11-820, ~~and 24-11-821,~~ for those firefighters hired prior to January 1, 1983, and who continue to work beyond their twenty-fifth year, the member of a firemen's relief and pension fund shall receive at age sixty (60) and thereafter a benefit on the amount equal to one and one-fourth

percent (1.25%) of final salary attached to the rank which he or she held in the department preceding the date of retirement multiplied by the number of years of service in excess of twenty-five (25) years, up to a maximum total *benefit of seventy-five percent (75%) of final salary, provided that the maximum seventy-five percent (75%) of final salary shall no longer apply* applies to benefits payable on April 30, 1991, and thereafter to persons retiring henceforth and to those persons who retired on or after July 1, 1987.

(2) However, in no case shall the benefit payment exceed one hundred percent (100%) of final salary.

(b) This benefit shall be payable to the member only and not to surviving spouses or dependent children.

(c)(1) For the purposes of this section, "salary" means recurring pays that are received for a regularly scheduled workweek and ~~shall~~ does not include, except as otherwise provided in this subsection, payments for unused accrued sick leave or annual leave or the cash value of any nonrecurring or unusual ~~remunerations~~ remuneration.

(2)(A) The term "salary" may include the payments to those firefighters under this section for unused accrued sick leave not to exceed ninety (90) workdays recorded on the records of the city or town as of the firefighter's date of retirement, ~~provided if~~ if the municipality agrees by ordinance to make adequate contributions to the fund to cover the additional costs for the benefits from the increased salary and the fund is judged by an actuarial determination to be actuarially sound.

(B) The board of trustees of a firemen's relief and pension fund shall determine the actuarial costs of the payments for the unused accrued sick leave to the fund.

SECTION 8. Arkansas Code § 24-11-827(a) is amended to read as follows to clarify internal references:

(a) Notwithstanding any other provision of the law to the contrary, should an age or service retirant return March 1, 1986, or later to employment in a position covered by the firemen's relief and pension fund from which he or she retired, no pension payments shall be paid him or her for the period of the reemployment, and he or she shall make member *contributions to the ~~system~~ firemen's relief and pension fund* as if he or she

were an active member during the reemployment.

SECTION 9. Arkansas Code § 24-11-834(a)(3)(B) is amended to read as follows to make stylistic changes:

(B) The actuarial equivalent is of the time of the purchase of the credited service and shall be determined by the actuary for *the Arkansas Fire and Police Pension Review Board*, or ~~for a pension fund under administration of the Arkansas Local Police and Fire Retirement System, the actuary for that system~~ by the actuary for the Arkansas Local Police and Fire Retirement System for a pension fund under administration by the system.

SECTION 10. DO NOT CODIFY. The enactment and adoption of this act shall not repeal, expressly or impliedly, the acts passed at the regular session of the Ninetieth General Assembly. All such acts shall have the full force and effect and, so far as those acts intentionally vary from or conflict with any provision contained in this act, those acts shall have the effect of subsequent acts and as amending or repealing the appropriate parts of the Arkansas Code of 1987.

/s/D. Johnson