

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

State of Arkansas  
93rd General Assembly  
Regular Session, 2021

As Engrossed: S2/9/21 S3/2/21

## A Bill

SENATE BILL 5

By: Senator B. Sample

### For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING RECIPROCAL SERVICE CREDIT, BENEFIT RIGHTS, AND DEFERRED RETIREMENT UNDER THE ARKANSAS LOCAL POLICE AND FIRE RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

### Subtitle

TO AMEND THE LAW CONCERNING RECIPROCAL SERVICE CREDIT, BENEFIT RIGHTS, AND DEFERRED RETIREMENT UNDER THE ARKANSAS LOCAL POLICE AND FIRE RETIREMENT SYSTEM; AND TO DECLARE AN EMERGENCY.

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

SECTION 1. Arkansas Code § 24-10-507 is amended to read as follows:  
24-10-507. Reciprocal system.

(a) (1) The Arkansas Local Police and Fire Retirement System is a reciprocal system under the provisions of §§ 24-2-401 – 24-2-405.

(2) For the purpose of reciprocal service credit under the Arkansas Local Police and Fire Retirement System, only an Arkansas statewide defined benefit retirement system that is qualified under the Internal Revenue Code is eligible.

(b) ~~In~~ Once a member has vested in the Arkansas Local Police and Fire Retirement System, in establishing the eligibility of the member for a voluntary retirement benefit, early retirement benefit, or duty death benefit from the Arkansas Local Police and Fire Retirement System, the credited service under all reciprocal systems shall be totaled, and the total credited



service shall be used in determining the eligibility of the member for a system benefit from the Arkansas Local Police and Fire Retirement System.

(c) In determining the amount of a benefit from ~~this system~~ the Arkansas Local Police and Fire Retirement System, ~~there shall be used only the credited service under this system and the benefit formula of this system~~ following shall be used:

(1) Credited service under the Arkansas Local Police and Fire Retirement System;

(2) The benefit formula of the Arkansas Local Police and Fire Retirement System; and

(3)(A) The final average pay of the Arkansas Local Police and Fire Retirement System.

(B) The Arkansas Local Police and Fire Retirement System shall use the final average pay of the reciprocal system furnishing the highest final average pay at the time of retirement if the member has:

(i) Established reciprocity before April 1, 2021;  
and

(ii) Member contributions on account with the Arkansas Local Police and Fire Retirement System.

~~(d) The final average compensation used shall be that of the reciprocal system which furnishes the highest final salary at the time of retirement.~~

~~(e) Wherever this system provides a benefit amount which is not dependent on length of credited service, the benefit amount shall be reduced to the proportion that system credited service bears to total reciprocal system credited service.~~

SECTION 2. Arkansas Code § 24-10-616 is amended to read as follows:

24-10-616. Subjection of benefit rights to legal process.

(a)(1) The right of a person to an annuity, the return of accumulated contributions, the annuity itself, any annuity option, any other right accrued or accruing under the provisions of this chapter, and all moneys belonging to a plan shall not be subject to execution, garnishment, attachment, the operation of bankruptcy or insolvency laws, or any other process of law whatsoever and shall be unassignable, except as is specifically provided in this chapter Except as otherwise provided in this

chapter, the right of a person to an annuity, the return of accumulated contributions, the annuity itself, any annuity option, any other right accrued or accruing under this chapter, and all moneys belonging to a plan:

(A) Are not subject to:

(i) Execution;

(ii) Garnishment;

(iii) Attachment;

(iv) The operation of bankruptcy or insolvency laws;

or

(v) Any claim or process of law; and

(B) Are unassignable.

(2) However, an employer shall have the right of setoff for any claim arising from embezzlement by, or fraud of, a member, retirant, or beneficiary.

(b) A final administrative decision of the Board of Trustees of the Arkansas Local Police and Fire Retirement System may be appealed by filing a complaint in Pulaski County Circuit Court.

SECTION 3. Arkansas Code § 24-10-706(d)(2), concerning duration of participation in the Local Police and Fire Deferred Retirement Option Plan, is amended to read as follows:

(2) All funds in the plan shall be distributed in a manner prescribed by the Board of Trustees of the Arkansas Local Police and Fire Retirement System no later than ~~December 31 of the year the participant attains the age of seventy and one half (70 1/2) years~~ April 1 of the year following the calendar year in which the participant becomes seventy-two (72) years of age.

SECTION 4. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that the operations of the Arkansas Local Police and Fire Retirement System are complex; that the system must be able to meet the needs of its members; that the statutes concerning reciprocal service credit, benefit rights, and deferred retirement under the system are imminently in need of revision and updating to provide clarity and in order to conform with competent public pension policy; and that this act is immediately necessary in order to maintain an orderly management of

benefits for the members of the system. Therefore, an emergency is declared to exist, and this act being necessary for the preservation of the public peace, health, and safety shall become effective on April 1, 2021.

*/s/B. Sample*