

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

State of Arkansas
94th General Assembly
Regular Session, 2023

As Engrossed: H3/13/23

A Bill

HOUSE BILL 1260

By: Representatives L. Johnson, Hawk, Maddox, Vaught

For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING ANNUITIES UNDER
THE ARKANSAS LOCAL POLICE AND FIRE RETIREMENT SYSTEM;
TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE LAW CONCERNING ANNUITIES
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 § 24-10-404(b)(2), concerning the contribution for a member whose employment is not also covered by Social Security or whose employment meets certain other requirements under the Arkansas Local Police and Fire Retirement System, is amended to read as follows:

(2)(A) Beginning ~~July 1, 2009~~ July 1, 2023, the contribution for covered members defined in subdivision (b)(1) of this section shall be ~~eight and one-half percent (8.5%)~~ nine and one-half percent (9.5%) of his or her pay.

(B) Beginning ~~July 1, 2009~~ July 1, 2023, the contribution for paid service members not defined in subdivision (b)(1) of this section shall be ~~two and one-half percent (2.5%)~~ three and one-half percent (3.5%) of his or her pay.

SECTION 2. Arkansas Code § 24-10-602(a)(1) and (a)(2), concerning the



annuity available to a retired member of the Arkansas Local Police and Fire Retirement System, is amended to read as follows:

(1) Benefit Program 1.

(A) For each year of paid service resulting from employment:

(i) In a position not also covered by Social Security, ~~two and ninety four hundredths percent (2.94%)~~ three percent (3%) of his or her final average pay; and

(ii) In a position also covered by Social Security, ~~one and ninety four hundredths percent (1.94%)~~ two percent (2%) of his or her final average pay.

(B)(i)(a) In addition, if the member is retiring as provided in § 24-10-604, § 24-10-605, § 24-10-606, or § 24-10-607, and if the member's age at retirement is less than Social Security's minimum age for an immediate unreduced retirement benefit, then the member shall receive a temporary annuity equal to one percent (1%) of his or her final average pay for each year of paid service resulting from employment in a position also covered by Social Security.

(b) The provisions of this section that allow a member who retires as provided in § 24-10-607, whose employment was also covered by Social Security, and who is thereby eligible for a temporary annuity shall be applied retroactively to all persons who retired under those circumstances on or after October 1, 1989.

(ii) The temporary annuity shall terminate at the end of the calendar month in which the earlier of the following events occurs:

(a) The member's death; or

(b) His or her attainment of Social Security's minimum age for an immediate unreduced retirement benefit.

(iii) Any member who has had a temporary annuity terminated because of an award of disability retirement under the Social Security Act, 42 U.S.C. § 301 et seq., shall have that temporary annuity restored;

(2) Benefit Program 2.

(A) For each year of paid service rendered on or after the election date of the Benefit Program 2 and before the election is rescinded:

(i) In a position also covered by Social Security, ~~two and ninety four hundredths percent (2.94%)~~ three percent (3%) of the member's final average salary; and

(ii) In a position not covered by Social Security, ~~three and twenty eight hundredths percent (3.28%)~~ three and thirty-four hundredths percent (3.34%) of the member's final average salary.

(B)(i) For each year of paid service rendered before the election date of the Benefit Program 2 or after the election is rescinded:

(a) In a position also covered by Social Security, ~~one and ninety four hundredths percent (1.94%)~~ two percent (2%) of the member's final average salary; and

(b) In a position not covered by Social Security, ~~two and ninety four hundredths percent (2.94%)~~ three percent (3%) of the member's final average salary.

(ii) A member who has paid service rendered before the election date of Benefit Program 2 or after the election is rescinded and subsequently readopted may have the paid service rendered on or after July 28, 1995, treated as though the paid service had been rendered after the election date of Benefit Program 2 by paying to the system the actuarial cost of the increased benefit by a single contribution or by an agreement to pay an increased rate of contributions if approved by the Board of Trustees of the Arkansas Local Police and Fire Retirement System.

(iii) As used in subdivision (a)(2)(B)(ii) of this section, "actuarial cost" means an amount that is the actuarial equivalent of the value of the credited service to be purchased at the time of the purchase, as determined by the system's actuary.

(C)(i)(a) In addition, if the member is retiring as provided in § 24-10-604, § 24-10-605, § 24-10-606, or § 24-10-607, and if the member's age at retirement is less than Social Security's minimum age for an immediate unreduced retirement benefit, then the member shall receive a temporary annuity equal to one percent (1%) of his or her final average pay for each year of paid service rendered before the election date of Benefit Program 2 and resulting from employment in a position also covered by Social Security.

(b) The provisions of this section that allow a member who retires as provided in § 24-10-607, whose employment was also

covered by Social Security, and who is thereby eligible for a temporary annuity shall be applied retroactively to all persons who retired under those circumstances on or after October 1, 1989.

(ii) The temporary annuity shall terminate at the end of the calendar month in which the earlier of the following events occurs:

(a) The member's death; or

(b) His or her attainment of Social Security's minimum age for an immediate unreduced retirement benefit.

(iii) Any member who has had a temporary annuity terminated because of an award of disability retirement under the Social Security Act, 42 U.S.C. § 301 et seq., shall have that temporary annuity restored;

SECTION 3. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that the operations of a state public retirement system are complex; that the Arkansas Local Police and Fire Retirement System must be able to meet the needs of its members as anticipated by the General Assembly; that certain benefit provisions under the laws of the Arkansas Local Police and Fire Retirement System need revision and updating to bring them into conformance with sound public pension policy and actuarial requirements; that the revisions and updates are of great importance to members of the Arkansas Local Police and Fire Retirement System and to other citizens of the State of Arkansas; that an effective date of July 1, 2023, is necessary in order to allow for a structured and proper administration of the procedures referenced in this act; that the updates and revisions contained in this act are of great importance for actuarial purposes and for the improvement and protection of member benefits under the Arkansas Local Police and Fire Retirement System; and that an effective date of July 1, 2023, is necessary in order to maintain an orderly system of benefits for the members of the Arkansas Local Police and Fire Retirement 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 July 1, 2023.

/s/L. Johnson