

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
Board of Trustees' Regulations

Regulation Number Year Month Title

ADMINISTRATION (Reserved 101 - 199) Page 4

101	1957	(5)	Disclosure of Information (as amended 1987 and May 1998)
102	1995	(8)	Expense Reimbursement For Members Of the Board of Trustees
103	1997	(5)	Employer Contribution Rates (as amended May 2001)
104	1997	(5)	Employer Reporting - Time and Frequency of Employer and Employee Contributions and the monthly Report of Service and Earnings
105	2010	(8)	Appeals from the Executive Director's Determinations to the Board of Trustees
106	2011	(7)	Employer Contributions for Rehired Retirees

BENEFITS (Reserved 201 - 299) Page 7

201	1957	(5)	Age of Members - How Established (as amended 1969, 1994 and May 2011)
202	1957	(5)	Beneficiary - How Changed (as amended May 1998)
203	1957	(5)	Disability Retirement (as amended November 2012)
204	1985	(2)	Computation of Benefits for Members with Concurrent Service in APERS (amended May 2001 and February 2013)
205	1986	(10)	Physical or Mental Incompetency
206	1991	(5)	Termination of Employment for Retirement Purposes (Repealed November 1999)
207	1992	(2)	Cancellation of Retirement
208	1993	(5)	Qualified Domestic Relations Orders (as amended 1994)
209	1993	(8)	Crediting Reciprocal Service During the Same Fiscal Year
210	1994	(2)	Public Safety Credit (as amended May 2001 & 2011)
211	1995	(8)	Changes in Final Average Salary Affecting Benefit Computation
212	1995	(8)	Compliance With Benefit Limits Imposed by Section 415 of the Internal Revenue Code (as amended May 1998)
213	1996	(2)	Five Year Vesting
214	1997	(5)	DROP Provisions (as amended May 1999, May 2001, August 2003, November 2010, May 2011 and November 2011)
215	1997	(5)	Spouse's Acknowledgement of Benefit Selection
216	1999	(2)	Direct Deposit
217	1999	(11)	Final Average Salary (Repealed May 2001)
218	2001	(5)	Partial Annuity Withdrawal

219	2005 (5)	Establishing Retirement Eligibility Pursuant to Act 2084 of 2005
220	2009 (8)	Termination of Covered Employment Required for Retirement (as amended January 2011)
221	2009 (8)	Proof Required for Establishing Dependency of a Non-Spouse for Purposes of Designating an Option B Beneficiary

MEMBERSHIP (Reserved 301 - 399) Page 20

301	1957 (5)	Prior Service (as amended 1994)
302	1959 (5)	County Employees' Representative
303	1965 (7)	Requirement for Membership in System (amended May 2001)
304	1990 (1)	Membership Eligibility (As amended May 2001)
305	1991 (11)	Wages for Deputy Tax Collectors (As amended November 1995)
306	1995 (5)	Participation in APERS Under the Provisions of Act 398 and Act 1292 (as amended May 1997)
307	1997 (5)	Participation in APERS Under Provisions of Act 76 of 1997 (amended May 2001)
308	1997 (11)	Enrollment in APERS by Colleges and Universities (amended May, 2001)
309	1999 (5)	Local Government Unit Participation
310	1999 (5)	Termination of Other Employer Participating Retirement Plans (amended May 2001)
311	2005 (5)	Election of Contributory Provisions of Act 2084 of 2005
312	2011 (5)	Contributions Required of New County and Elected Officials Who Are Elected for the First Time after July 1, 2001

PURCHASE, REFUND REPAYMENT, OTHER SERVICE (Reserved 401- 499) ... Page 25

401	1957 (10)	Proof of Military Service (as amended 1987)
402	1986 (10)	Partial Payment Agreement (as amended Aug 2016)
403	1991 (5)	Purchase of Military Service Credit
404	1991 (11)	Contributions For Military Service Credit
405	1995 (5)	Purchase of Service Credit for Time Lost Due to Workers Compensation Injury (as amended May 1998)
406	1995 (5)	Purchase of Service Credit for State Service Under a Federal Grant (as amended May 1998)
407	1996 (2)	Direct Transfer of Eligible Rollover Distributions
408	1997 (5)	Regular Interest (as amended May 2001, November 2014)
409	2005 (5)	Purchase of Out-Of-State or Federal Service Credit
410	2005 (5)	Purchase of AR National Guard or Armed Forces Reserve Service Credit
411	2009 (5)	Purchase of Service Authorized by Section 2 of Act 295 of 2009

INVESTMENTS (Reserved 501) Page 29

501	1985 (12)	Investment Policy (as amended May 2010, August 2014)
-----	-----------	--

601	2009 (5)	Policy
602	2009 (5)	Definitions
603	2009 (5)	Annual Actuarial Valuation and Monetary Distributions
604	2009 (5)	Membership Generally
605	2009 (5)	Contributions Members Refund
606	2009 (5)	Contributions Government Entity
607	2009 (5)	Additional Funding Retirement Benefits
608	2009 (5)	Contributions – Cessation Upon Maximum Benefit Eligibility
609	2009 (5)	Actual Service Requirement
610	2009 (5)	Eligibility for Benefits – Retirement Generally
611	2009 (5)	Eligibility for Benefits – Early Retirement
612	2009 (5)	Eligibility for Benefits – Disability Retirement
613	2009 (5)	Retirement and Survivor’s Benefits Generally
614	2009 (5)	Eligibility for Benefits – Deferred Vested Retirement
615	2009 (5)	Restrictions on Benefits
616	2009 (5)	Redetermination of Benefits
617	2009 (5)	Limitation on Benefit Enhancement
618	2009 (5)	Reciprocal Service
619	2009 (5)	Termination Required for Retirement
620	2009 (5)	Benefit Provisions – Subjection of Annuity Right to Process of Law
621	2009 (5)	Adjustment of Erroneous Payments
622	2009 (5)	Incorporation of the Arkansas District Judges Retirement System’s Board Regulations
623	2009 (5)	No Waiver of Sovereign Immunity

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM REGULATIONS

ADMINISTRATION

REGULATION 101 – 1957 – DISCLOSURE OF INFORMATION (as amended in 1987 & May 1998)

Disclosure of information from PERS records and meetings shall be open to the public as provided by A.C.A. 25-19-101, A.C.A. 21-12-203, and other applicable law. The Executive Director shall seek the advice of the Attorney General when necessary regarding release of information as provided herein. No information on a member's record will be given to any individual or agency except under the following conditions:

- 1) The individual member may request information on his or her own account by coming to our office in person or by requesting such information in writing.
- 2) Any person other than the member may receive information on the individual member's account by furnishing the Retirement System with a signed, notarized statement from such individual member asking that such information be given to the named third party.

REGULATION 102 - 1995 - EXPENSE REIMBURSEMENT FOR MEMBERS OF THE BOARD OF TRUSTEES

In accordance with Act 1211 of 1995 the Board of Trustees does hereby authorize expense reimbursement for board members to attend all regular and special Meetings of the Board and its Committees. Such reimbursement shall not exceed the rate established for state employees by state travel regulations. APERS' Board members shall not be paid a stipend.

The APERS Board of Trustees does hereby delegate to the APERS' Executive Director the approval of all Board of Trustee travel other than travel to attend regular and special meetings of the Board and its Committees.

REGULATION 103 - 1997 - EMPLOYER CONTRIBUTION RATES (as amended in May 2001)

In accordance with the provisions of A.C.A. 24-2-701 the Board of Trustees will establish State employer and School employer contribution rates to take effect on July 1st of each year. The employer contribution rate for Municipal, County, and other non-state employers, will take effect on January 1st of each year.

REGULATION 104 - 1997 - EMPLOYER REPORTING - TIME AND FREQUENCY OF EMPLOYER AND EMPLOYEE CONTRIBUTIONS AND THE MONTHLY REPORT OF

SERVICE AND EARNINGS:

In accordance with Act 299 of 1997 (A.C.A. 24-4-202), the Board hereby adopts the following requirements for employer remittances and reporting. Employer and employee contributions shall be remitted with appropriate forms furnished by APERS and received by APERS within 10 calendar days after the payroll period ending date.

Remittances post marked within 9 calendar days after the payroll period ending date shall not be considered delinquent. The monthly retirement report of service and earnings, either in paper form or by electronic media, shall be submitted for receipt by APERS on or before the tenth calendar day of the month next following the report month. If the reports are submitted by mail, either in paper form, tape, or disk, such reports will not be considered delinquent if postmarked by the ninth calendar day.

REGULATION 105 – 2010 – APPEALS FROM THE EXECUTIVE DIRECTOR’S DETERMINATIONS TO THE BOARD OF TRUSTEES

Beginning with the adoption of this Regulation, the following procedures shall be followed in any administrative appeals to the Board of Trustees from the Executive Director’s determinations:

- a. Time for Appeal: Any appeal from a determination by the Executive Director to the Board of Trustees shall be made in writing and must be received by APERS no later than thirty (30) calendar days from the date upon which the appellant receives written notice of the Executive Director’s determination or from the date that this regulation is adopted, whichever is later.
- b. Pre-Hearing Submissions: Any party, including APERS’s staff, to such an appeal to the Board of Trustees shall cause any documentary evidence that is to be used by that party at the appeal hearing and a list of proposed witnesses to be received by APERS no later than ten (10) business days before the date set for the Board appeal hearing. Copies of these materials shall be furnished to all parties at that time. Failure to submit documentary evidence and a list of witnesses in a timely fashion to APERS shall be a sufficient basis itself for such evidence to be excluded from consideration by the Board.
- c. Conduct of the Hearing: In any appeal to the Board of Trustees, the presiding officer shall be the Chair of the Board or his or her designee or a hearing officer appointed by the Chair. The presiding officer shall determine all evidentiary objections.

EMERGENCY CLAUSE: It is hereby found and determined by the Board of Trustees that this Regulation should be effective immediately on an emergency basis pursuant to A.C.A. 25-15-204(b) because the existing lack of procedural rules governing administrative appeals from the Executive Director to the Board likely will substantially impair the prompt, just and speedy resolution of such appeals and constitutes an imminent peril to the public health, safety and welfare. Therefore, this regulation shall be effective immediately upon its adoption.

REGULATION 106 – 2011 – EMPLOYER CONTRIBUTIONS FOR REHIRED RETIREES

In compliance with Act 558 of 2011, when any employer covered by this system hires an APERS retiree into any position, that employer shall make the same employer contributions on behalf of the rehired retiree as it would have been required to make for a regular member holding the position in question. However, nothing in this regulation shall be taken or interpreted as authorizing or permitting the rehired retiree to obtain additional retirement credit in the System as a result of these employer contributions.

BENEFITS

REGULATION 201 – 1957 – AGE OF MEMBERS - HOW ESTABLISHED (as amended in 1969, 1994 and May 2011)

Effective with retirements commencing on or after July 1, 2011, proof of age must be provided by the member directly to APERS before a benefit can be paid. Employer certification of a member's age will not be accepted. One of any of the following documents shall be accepted as proof of age:

1. Birth Certificate issued at date of birth.
2. Birth Certificate issued at any date before age 5 when certified by the appropriate administering agency.
3. Baptismal or other church records issued before age 5.
4. U.S. Census Report issued 1920 or before.
5. Social Security document other than application for Social Security Number that states age or date of birth recognized by SSA.
6. A valid United States passport.

For the following, any combination of two that agree:

1. Marriage license.
2. Insurance policy issued at least 10 years prior to current date.
3. Family Bible.
4. Military Discharge.
5. Child's birth certificate.
6. Application for Social Security Number.
7. Birth certificate issued at date when person was older than age 5 when certified by the appropriate administering agency.

REGULATION 202 – 1957 – BENEFICIARY - HOW CHANGED (as amended May 1998)

A member of the Arkansas Public Employees Retirement System can only change beneficiary by use of the form designated by the Board of Trustees to be used for such purposes.

REGULATION 203 – 1957 – DISABILITY RETIREMENT (as amended November 2012)

Disability retirement for a member of PERS can be approved in one of two ways:

Before a member can be approved for disability retirement from PERS, he/she must first apply and be approved by either Social Security or by the Federal Railroad Retirement Board for disability benefits. If a member is approved for disability payments, then the member shall furnish proof to PERS of such approval and the member, who is otherwise eligible under State retirement law, will automatically be approved for PERS benefits retroactive to the date that benefits would have become payable under law.

Should the member not be approved for Social Security or for Railroad Retirement disability payments, the member, after having been denied Social Security or Railroad Retirement through the Administrative Law Judge appeal level, may appeal directly to the Board of Trustees. The member shall furnish physician (s) statements and other medical documentation, obtained at the member's expense, to the APERS Medical Review Board (MRB) for evaluation. The MRB shall be composed of physicians approved by the Board. The results of the MRB evaluation shall be presented to the Board for final consideration.

Members applying under Act 868 of 1999 shall submit copies of physician (s) statements and other medical documentation, obtained at the member's expense, to the MRB for evaluation. The results of the MRB evaluation will be presented to the Board of Trustees for final consideration.

After retirement on disability, the member will be reviewed by Social Security or Railroad Retirement if receiving benefits from either agency, and the member will have to furnish APERS with a copy of the Social Security or Railroad Retirement findings.

In those instances where a disability retiree is working, determination as to whether remuneration is substantially gainful, as referenced A.C.A. 24-3-208, shall be based on guidelines used by the Social Security Administration for the SSDI program.

REGULATION 204 - 1985 - COMPUTATION OF BENEFITS FOR MEMBERS WITH CONCURRENT SERVICE IN APERS (as amended May 2001)

In accordance with the authority provided in ACA 24-4-105(b)(1) and 24-4-521, the APERS Board of Trustees has determined that benefits for members with concurrent service within APERS, where a portion of the service is credited at more than one-for-one (i.e., elected or public safety), shall be computed as follows: A benefit will be calculated separately for service that results in public safety and/or elected credit based on the credited service and final average salary for the entirety of that service. A benefit will then be computed for all regular service based on the regular service and final average salary for that service. The benefit computed for each type of service will be added together to obtain the total benefit.

REGULATION 205 – 1986 – PHYSICAL OR MENTAL INCOMPETENCY

For the purpose of approving a death-in-service benefit, a dependent child above the age of 18 will

be considered mentally or physically incompetent by one of the following methods:

1. Proof that the dependent has been deemed physically or mentally incompetent by an Arkansas Court of Jurisdiction.
2. Verification by the Social Security Administration that the dependent is receiving disability benefits on the deceased member's social security account and that the benefits became effective at the time of the member's death.

If neither of the above can be obtained, the dependent may appeal to the Board of Trustees by the following method:

1. The dependent will furnish to the Arkansas Public Employees Retirement System a description of the physical or mental impairment and a list of all physicians seen for diagnosis or treatment.
2. The Board of Trustees will designate another physician by whom the dependent will be examined at the System's expense.
3. A written statement from the examining physician will be the basis for the decision of the Board of Trustees on incompetency of the dependent.

The Board may require verification of continuing incompetency, or re-examination.

REGULATION 206 - 1991 - TERMINATION OF EMPLOYMENT FOR RETIREMENT PURPOSES (Repealed November 1999)

REGULATION 207 – CANCELLATION OF RETIREMENT

A member may cancel his retirement if he notifies the System in writing prior to the effective date of retirement; or, if after the effective date, he may cancel by notifying the System in writing and returning the benefit payment on or before the fifteenth (15th) calendar day of the month for which he received his first benefit payment.

REGULATION 208 - QUALIFIED DOMESTIC RELATIONS ORDERS

In accordance with Act 1143 of 1993, the Arkansas Public Employees Retirement System will comply with Qualified Domestic Relations Orders (QDRO's) issued by Chancery Courts in the state of Arkansas that meet the following conditions:

1. The QDRO is issued in accordance with all provisions of the model QDRO adopted by the APERS Board of Trustees and approved by the Arkansas Legislative Council.

2. The QDRO, as specified in Section 1. (3) (c) of Act 1143, does not require APERS to provide any type or form of benefit, or pay options not otherwise available under the Plan, does not require the Plan to provide increased benefits, and does not require the payment of benefits to an alternate payee which are required to be paid to another alternate payee under another order previously determined to be a Qualified Domestic Relations Order.
3. The QDRO is issued on or after the effective date of Act 1143 of 1993.
4. The System will review QDRO's for compliance with this regulation and notify appropriate parties of its findings.

In those instances where the alternate payee selects alternative **B.** under Section **III.**

(DURATION OF PAYMENTS TO ALTERNATE PAYEE) of the model QDRO, the actuary will use the following guidelines in computing an equivalent benefit to be paid for the alternate payee's lifetime:

1. The interest rate will be the valuation rate.
2. The mortality table will be the "50/50 table".
3. The age used in the computation shall be the attained age at the last birth date prior to the effective date of the QDRO.

REGULATION 209 - 1993 - CREDITING RECIPROCAL SERVICE DURING THE SAME FISCAL YEAR

If a member has reciprocal service during the same fiscal year with both the Teacher Retirement System and the Public Employees Retirement System, and if, under the two systems' standard methods of crediting service, the combined service amounts to more than one full year of actual service, then credit shall be reduced in a manner that is most advantageous to the member (determined jointly by APERS and ATRS) so that in any given fiscal year, actual service shall not exceed one year.

REGULATION 210 - 1994 - PUBLIC SAFETY CREDIT (as amended May 2001 and May 2011)

Public Safety Credit will be granted only to those positions delineated in A.C.A. 24-4-101(34), and in the instance of police officers, only to those officers whose primary duty is law enforcement and who are certified law enforcement officers. The police chief, in the case of a municipality, or the sheriff, in the case of a county, must certify in writing to APERS that the officer's primary duty is law enforcement. In addition, the officer must be certified by the Law Enforcement Training Academy as a "Certified Law Enforcement Officer," or be grandfathered in as of January 1, 1978.

Public Safety credit will not be granted to civilian or temporary employees of a police department.

Public Safety credit will not be granted to a municipal police officer or county deputy sheriff whose primary duty is jailer, radio dispatcher, bailiff, or probation officer. However, an officer assigned to administrative duties may still be considered public safety if he/she meets the specific requirements of Act 1616 of 2001.

In accordance with Act 485 of 1997, the term "public safety member" shall not include a member whose employment as a police officer or fire fighter occurred on or after July 1, 1997. If a person who is employed in a "public safety member" position prior to July 1, 1997 changes covered employers, he/she shall be entitled to public safety credit for any subsequent employment in a qualifying police officer or fire fighter position covered by APERS that occurs on or after July 1, 1997. However, if there is a break in service for a period exceeding 6 consecutive months, he/she shall not be entitled to further public safety credit.

For those civilian firefighters of the State Military Department who only became "public safety members" pursuant to Act 978 of 2011, the employer contribution rate shall be an additional twelve per cent (12%) of the affected individual's gross salary in addition to the normal employer contribution rate for the affected individual's position.

REGULATION 211 - 1995 - CHANGES IN FINAL AVERAGE SALARY AFFECTING BENEFIT COMPUTATION

If earnings reported after the date of retirement are not equal to those certified by the employer, the benefit amount will not be adjusted if the resulting increase or decrease would be \$3.00 or less over a 12 month period.

REGULATION 212 - 1995 - COMPLIANCE WITH BENEFIT LIMIT IMPOSED BY SECTION 415 OF THE INTERNAL REVENUE CODE (as amended May 1998)

The following guidelines for complying with qualified plan benefit limitations imposed by IRC Section 415 shall be followed in accordance with Act 739 of 1995.

1. Total employer financed straight life annuity payments to any retired member in any calendar year shall not exceed the dollar limit specified in IRC 415.
2. In any calendar year in which the total straight-life annuity payments otherwise payable would exceed the amount permitted under IRC Section 415, the actual amount paid shall be reduced by such dollar difference.
3. A retiree whose benefits are reduced in accordance with IRC Section 415 limitations in any calendar year will be retested in subsequent years in accordance with the following objectives:
 - Assurance that APERS will remain in compliance with IRC Section 415; and,
 - The smallest acceptable cumulative adjustments are made to the benefits paid to any retired member.

REGULATION 213 - 1996 - FIVE YEAR VESTING

In accordance with Act 1356 of 1995, Five Year Vesting becomes effective July 1, 1997. This provision is not retroactive. In order to vest under this provision, a person must be a member of the System on July 1, 1997 and have been a member for not less than 90 consecutive calendar days prior to July 1, 1997 with five or more years of service. If a person is a former member on July 1, 1997 with five years but less than ten years of service, that person must return to covered employment for period of not less than 90 consecutive calendar days after July 1, 1997. If a person is a former member on July 1, 1997 with less than five years of service, that previous service will be counted toward five year vesting provided the person returns to covered employment for a period of not less than 90 consecutive calendar days, and the previous service has not been refunded.

REGULATION 214 - 1997 - DROP PROVISIONS (amended May 1999, May 2001, Aug. 2003, Nov. 2010, May 2011 & November 2011)

CONTRIBUTIONS TO DROP ACCOUNT:

For a member who has 30 or more years of actual service, the contribution shall be 75% of the member's computed benefit after election of a straight life or option benefit, as required by Subchapter 8 of Chapter 3 of Title 24 of the Arkansas Code, and including the temporary annuity, if applicable. For a member who has 28 years but less than 30 years of actual service, the contribution shall 75% reduced by 0.5% for each month that the DROP election precedes the date the member would complete 30 years of actual service.

Contributions to the account shall be increased for COLA's and Ad Hoc increases granted to retirees.

INTEREST ON THE DROP ACCOUNT:

Interest shall be credited on a monthly basis compounded annually to the date of actual retirement. The Board shall reevaluate the DROP interest rate annually at its regular February meeting and may modify it by a simple majority vote without promulgating additional regulations.

DROP PAYMENT METHODS:

Member may elect a lump sum or lifetime monthly annuity. If the member elects a lump sum, the member may request that the lump sum be transferred to another qualified plan in a trustee-to-trustee transfer. If the member elects a monthly annuity for life, the monthly amount shall remain constant for the life of the member. That is, COLA's and Ad Hoc increases will not be added to this monthly annuity and the balance in the account will not earn interest after the effective date of retirement.

DEATH OF A DROP PARTICIPANT:

In the event a DROP participant dies during the period of participation, the benefit payable from APERS shall be determined as though the participant had separated from service and been found

eligible for monthly benefits by the Board on the day prior to the death, with death following immediately thereafter (per Act 1052). The balance in the DROP account shall be paid to the designated beneficiary.

DEATH OF A RETIREE RECEIVING A MONTHLY ANNUITY FROM DROP:

Upon the death of a retiree who was receiving a monthly annuity from the DROP, the DROP annuity will be treated as if it had been a straight life benefit, and the undistributed remaining balance in the DROP account, if any, will be paid to the designated beneficiary. The regular monthly retirement benefit will be treated according to the election made by the retiree at his/her entry into the DROP.

FAILURE TO TERMINATE COVERED EMPLOYMENT WITHIN SEVEN YEARS OF DROP ENTRY:

If a DROP participant fails to terminate employment within seven years of entry into the DROP, the participant shall forfeit the balance in the DROP account. The participant's employer shall be required to pay all contributions, with interest, that would have been paid on behalf of the member had he/she not participated in the DROP. The employer will acknowledge this requirement on the member's application for participation in the DROP.

REVIEW OF PROVISIONS:

The provisions of the DROP program will be reviewed at three year intervals, or more frequently if necessary. Based on the actuary's review, the contribution and interest rate provisions may be adjusted prospectively as the Board of Trustees considers such action to be actuarially appropriate.

PROHIBITION AGAINST RETURNING TO COVERED EMPLOYMENT:

In compliance with section 9 of Act 38 of 2011, on or after February 16, 2011, a member whose participation in the DROP ceases for any reason (other than cancelling that participation under Regulation 207), shall not be eligible for reemployment in any position covered by the plans identified in A.C.A. 24-2-401(3), except as provided for in A.C.A. 24-4-520. Notwithstanding the foregoing, a member whose DROP participation has ceased shall not be prohibited from thereafter seeking and taking a publically-elected office that otherwise is covered under APERS but that member shall not be eligible to rejoin this system.

DEFERRED RETIREMENT OPTION PLAN (DROP) PROVISIONS FOR MEMBERS CALLED TO ACTIVE DUTY:

Generally:

- a. A DROP participant who is called to active duty will provide APERS with a copy of his/her Orders that will be maintained in the member's file. A copy of the Orders will be utilized to verify the date that the member is called to active duty.
- b. The employer will continue to report the DROP participant on the monthly DROP report. The Agency representative will indicate that the member is on "Military Leave".

c. When the member is released from active duty, he/she will submit a copy of the DD214 Form or other appropriate documents to APERS to verify that the member has returned to covered employment and/or been released from active duty.

Maximum Participation Period:

a. A DROP participant who is on active duty shall continue to receive his/her monthly DROP payment (which includes any benefit enhancements awarded to eligible retirees) until the maximum allowable time in the DROP has occurred or the member requests retirement and distribution of his/her DROP account, whichever occurs first.

b. If the member has participated in the DROP for at least five (5) years, he/she must complete a retirement application packet and DROP Distribution Form(s) prior to his/her departure for active duty and deliver the completed forms to the APERS Office along with a copy of his/her Orders. The retirement application and DROP Distribution Forms will be held and processed on the effective date indicated unless he/she returns to covered employment within the seven year DROP term.

c. Should the DROP member not deliver a retirement application packet and DROP Distribution Form(s) to APERS and the maximum period of DROP participation (7 years) expires prior to the member returning to covered employment and/or requesting retirement:

1. The monthly DROP accrual will cease on the seventh anniversary of the member's beginning DROP date and no additional interest will be paid;

2. The monthly retirement benefit will not become effective until the member files a completed retirement application and complies with applicable deadlines; and the DROP account balance shall be distributed upon the member's filing of the required DROP Distribution Form(s).

Death While on Active Duty:

a. In the event a DROP participant on active duty dies during the period of DROP participation, the benefit payable from APERS shall be determined as though the participant had separated from service and been found eligible for monthly benefits on the day prior to his/her death, with death following immediately thereafter.

b. If survivor benefits are payable in accordance with A.C.A. 24-4-606, the surviving spouse (who has been married to the participant for at least one year), dependent children or dependent parents will receive monthly benefits. The spousal benefit will be computed as if, the member had elected Option B75.

c. The balance in the participant's DROP account will be adjusted to reflect a balance as if the member had chosen Option B75 upon entering the DROP. The DROP balance will then be paid to the designated beneficiaries.

Becoming Eligible For DROP Participation While On Active Duty:

If a member becomes eligible to participate in the DROP while on active duty, he/she will be placed in the plan retroactive to the date of initial eligibility providing the application is received within one (1) month of the member returning to covered employment. Such participation will also be contingent upon the necessary employee (if applicable) and employer contributions being made to the System for the period of active duty prior to the employee entering the DROP.

Reemployment:

After release from active duty, should a DROP member fail to apply for reemployment or fail to accept reemployment pursuant to the provisions of 38 U.S.C. § 4312 as amended, the employer shall promptly notify APERS. After notice to the member and opportunity for hearing, should APERS determine that the member failed to apply for or accept reemployment as provided above, APERS shall:

- a. determine that the member's retirement application and DROP distribution form required under Maximum Participation Period, subparagraph b are void as of the date of the member's release from active duty;
- b. terminate payments of the deferred benefit into the member's DROP account;
- c. deduct any payments of the deferred benefit into the member's DROP account after date of the member's release from active duty and interest thereon and pay said amount of the deferred benefit without interest thereon to the member as accumulated monthly annuity payments upon the member's filing a completed retirement application and DROP Distribution Form in compliance with applicable deadlines;
- d. not pay interest on the member's DROP account after the date of the member's release from active duty and hold said account balance pending the member's filing of the DROP Distribution Forms;
- e. pay the member's monthly retirement annuity to the member upon his/her filing a completed retirement application and in compliance with applicable deadlines.

Procedures Applicable to DROP/Active Duty Issues:

- a. The Executive Director shall determine all issues of interpretation or implementation of this regulation in regard to DROP members and active military duty and shall conduct any hearings provided for herein or required by other law.
- b. If the member is not satisfied with the Executive Director's decision on matters that were not decided in conjunction with a hearing, the member may request that the issue be presented to the Board. The Board shall review the member's request for review, the record considered by the Executive Director and the Executive Director's decision, shall afford the member the opportunity to present additional information or documentation and to appear before the Board, and determine whether to affirm or modify the Executive Director's

decision or to return the case to the Executive Director for further consideration.

c. A member who was a party to a hearing by the Executive Director concerning DROP/active duty issues and who is not satisfied with the Executive Director's decision, may file an appeal to the Board. The member shall file notice of appeal in writing, stating the grounds therefore, with the Executive Director on or before thirty (30) days following the date of record of the Executive Director's decision. The Executive Director's written decision shall be mailed to the member by certified mail, return receipt requested, restricted delivery to the member's last known address of record.

d. Upon appeal, the review by the board shall be confined to the record considered by the Executive Director; provided, however:

1. The member may apply to present additional evidence and should the Board find that the evidence is material and that there were good reasons for failure to present it in the proceeding before the Executive Director, the Board may order that the additional evidence be taken before the Executive Director upon any conditions that may be just. The Executive Director may modify the findings and decision by reason of the additional evidence and shall file that evidence and any modification, new findings or decisions with the Board;

2. Should the member assert any alleged irregularity in procedure before the Executive Director not shown in the record, the Board may hear testimony on that issue or in its discretion may remand the matter to the Executive Director to conduct further proceedings on the record on the member's allegation of procedural irregularity; after any further proceeding by the Executive Director regarding any procedural irregularity, the Executive Director may modify the findings and decision by reason of the additional evidence and shall file that evidence and any modifications, new findings, or decisions with the Board. The member may request the opportunity to make an oral presentation to the Board.

e. The Board may affirm or reverse the Executive Director's decision or remand the case for further proceedings.

REGULATION 215 - 1997 - SPOUSE'S ACKNOWLEDGEMENT OF BENEFIT SELECTION

If a member applying for retirement selects a Straight Life Benefit, then the member shall be required to furnish the spouse's acknowledgement of that selection on a form provided by the System. An application shall not be denied because a spouse refuses to sign the form.

REGULATION 216 - 1999 - DIRECT DEPOSIT

Persons first receiving monthly benefits from APERS on or after October 1, 1999 shall be required to participate in the electronic direct deposit program. Persons receiving monthly benefits before October 1, 1999 shall enroll in the electronic direct deposit program on or before April 1, 2000. Waivers may be granted to those persons who certify in writing that they do not have a savings or checking account.

REGULATION 217 – FINAL AVERAGE SALARY (Repealed May 2001)

REGULATION 218 - 2001 – PARTIAL ANNUITY WITHDRAWAL (PAW) ELIGIBILITY

In accordance with Act 357 of 2001, only years and months of service will be utilized to determine the amount of eligible service in the calculation of the PAW. The actuarial reduction to be used in computing a PAW benefit, as provided by Act 357 of 2001, shall be a 50/50 gender blend of the 1983 Group Annuity Mortality Table with interest at 8% and 3% annual compounded post-retirement benefit increases.

Any service purchased after a member becomes eligible for an unreduced benefit will not be included in the number of months of PAW eligibility.

The date a member purchases service and becomes eligible for an unreduced benefit, determines the date the member is eligible for the PAW. Any service rendered in APERS after this date, is eligible for PAW.

Reciprocal and credited service will be utilized to determine the date a member was eligible for an unreduced benefit. However, only actual APERS service after the date eligible for an unreduced benefit will be used in the calculation of the number of eligible PAW months. The exception is Rehab members as defined in 24-2-302. Rehab members service in ATRS will be used in the monthly benefit amount and in determining the number of months eligible for the PAW.

REGULATION 219 - 2005- ESTABLISHING RETIREMENT ELIGIBILITY

Pursuant to Act 2084 of 2005, it is established that twenty-eight (28) years of actual service are required for a member to be eligible for an unreduced benefit prior to age sixty-five (65) when utilizing the contributory provisions of A.C.A. 24-4-1101 et seq.

REGULATION 220 - 2009- TERMINATION OF COVERED EMPLOYMENT REQUIRED FOR RETIREMENT (as amended in January 2011)

When used in the context of ACA 24-4-520, “terminate covered employment,” shall mean that the employee/employer relationship has been brought to an end and no longer exists in any form, currently or prospectively, between the APERS member and the APERS covered employer. In the case of elected public officials, in addition to the foregoing, they shall have complied with state-law requirements for vacating their office.

Any retiring elected official shall execute an affidavit, along with the local official responsible for certifying that the public office has been vacated, stipulating compliance with this regulation. This affidavit shall be filed with the System at least thirty (30) calendar days prior to the effective date of retirement.

In compliance with ACA 24-4-520(b)(1), when a member who does not have service credit under A.C.A. 24-4-521 at a rate of two (2) or more years credited service for each year of actual service (Act 774) terminates for retirement purposes, they are not eligible to return to employment in any position or capacity with an APERS covered employer within one hundred eighty (180) days of the person's effective date of retirement, unless said position is covered by another retirement system or is an elected position that has never been covered by APERS. When a member who does have service credit under A.C.A. 24-4-521 at a rate of two (2) or more years credited service for each year of actual service terminates for retirement purposes, they are not eligible to return to employment in any position or capacity with an APERS covered employer within one year from the person's effective date of retirement, unless said position is covered by another retirement system or is an elected position that has never been covered by APERS. Any prearranged agreement that the member will return to work for any participating employer in any capacity, full-time or part-time (including as a leased employee) before the expiration of the period mandated by A.C.A. 24-4-520(b)(1) shall create a rebuttable presumption that the member has not terminated covered employment.

When a member terminates in compliance with ACA 24-4-520(b)(2) and (3), they are not eligible to return to employment in any position or capacity with an APERS covered employer sooner than thirty (30) days from the commencement of his or her retirement, unless said position is covered by another retirement system or is an elected position that has never been covered by APERS. Any prearranged agreement that the member will return to work for any participating employer in any capacity, full-time or part-time (including as a leased employee) before the expiration of the 30 day period mandated by A.C.A. 24-4-520(b)(2) or (b)(3) shall create a rebuttable presumption that the member has not terminated covered employment.

Persons failing to terminate covered employment shall forfeit all APERS retirement benefits to the System until the requirements of A.C.A. 24-4-520 and this regulation are met. Failure to meet termination requirements shall not operate to revoke a members' retirement election.

Emergency. It is found and determined by the APERS Board of Trustees that there may be members who have not terminated their employment properly yet are drawing retirement benefits. This Regulation is essential to the sound operation of this retirement system and delayed implementation of it could work irreparable harm upon the system's proper administration. **However, those individuals returning to employment in a position covered by another retirement system or having been elected to an office never covered by this retirement system should be free to pursue said endeavors without unnecessary restriction.** Therefore, an emergency is hereby declared to exist and this Regulation shall be in full force and effect **as of January 12, 2011.**

REGULATION 221 - 2009- PROOF REQUIRED FOR ESTABLISHING DEPENDENCY OF A NON-SPOUSE FOR PURPOSES OF DESIGNATING AN OPTION-B BENEFICIARY

A member seeking to designate an adult aged forty (40) or older who is not that member's spouse as an Option B beneficiary pursuant to A.C.A. 24-4-606(a)(4) shall establish the proposed beneficiary's dependency by furnishing proof that the member claimed the proposed beneficiary as his or her "dependent" upon an annual federal tax return that was filed for the period ending at least one (1) year immediately preceding the first retirement annuity payment due date.

MEMBERSHIP

REGULATION 301 - 1957 - PRIOR SERVICE (as amended 1994)

Verification of Service (including wages paid and number of hours worked) for the purpose of determining eligibility for free prior service; purchase of service; or delinquent service, may be established in the following ways:

- 1) Certification by the payroll or personnel officer or person otherwise responsible for payroll and personnel matters of the department or Agency wherein the work was performed. Acceptable for both hours worked and wages.
- 2) Certification by the Department or immediate supervisor under whom the employee actually worked. Acceptable for hours worked only.
- 3) Any documentary proof in the possession of the individual. May be acceptable for hours and/or wages depending on nature of proof. Acceptability will be determined by System.
- 4) Notarized statements by two co-workers. Acceptable for hours worked only.

REGULATION 302 - 1959 - COUNTY EMPLOYEES REPRESENTATIVE

The County Clerks shall be and are hereby designated as the county employees' representative for the transaction of all business with the State Board of Trustees. All business with county officials and employees shall be channeled through the county clerk's office.

REGULATION 303 – 1965 – REQUIREMENTS FOR MEMBERSHIP IN THE SYSTEM (as amended in May 2001)

In accordance with A.C.A. 24-4-101(17), the Board has "final power" to determine who is eligible for participation in the System. Accordingly, all persons appearing on any covered employer's payroll (regular, temporary, or extra help) shall become members of the Retirement System as a condition of employment except as follows:

1. Persons employed for a period of less than 90 consecutive calendar days shall be excluded from membership.
2. Persons who are employed for a period of more than 90 consecutive calendar days, but who do not qualify as full time employees, shall be excluded from membership. A person shall be considered a full time employee if the person works at least 80 hours per month during a period of 90 consecutive calendar days. The 80-hour requirement shall not apply to school division employees. A school division employee shall be considered qualified if that person works at least one half of the time required by a full time person employed in the position during a period of 90 consecutive calendar days.

3. Persons whose rate of pay does not constitute employment that is substantially gainful shall be excluded from membership. For purposes of this regulation, "rate of pay" is equal to monthly earnings reported to the System divided by the hours worked during the report month. A rate of pay of less than the federal minimum wage for the year in question shall not be considered substantially gainful.

REGULATION 304 - 1990 - MEMBERSHIP ELIGIBILITY FOR POLICEMEN AND FIREMEN
(as amended in May 2001)

A Municipality which begins participation in this System after July 1, 1981 cannot enroll policemen or firemen in this System. Those positions are covered by the provisions of Act 364 of 1981, which established the Local Police and Fire Retirement System (LOPFI). Municipalities that were participating in APERS as of July 1, 1981 and who were reporting police and firemen to APERS must continue to report police and firemen to APERS. However, any municipal police department whose employees are covered by APERS on July 1, 1997 is authorized by Act 1541 of 2001 to transfer those employees hired after July 1, 1997 to the LOPFI. Such action must be taken by the governing body of the municipality in accordance with provisions of Act 1541.

REGULATION 305 – 1991 – WAGES FOR DEPUTY TAX COLLECTORS
(as amended November 15, 1995)

Fees paid to county deputy tax collectors for the collection of delinquent taxes and fees paid to deputy sheriffs in lieu of a salary shall be considered wages for retirement purposes. Service credit will be granted for any month in which the deputy tax collector or deputy sheriff works at least 80 hours, provided the deputy tax collector or deputy sheriff is hired with the intent of working at least 90 days.

REGULATION 306 - 1995 - PARTICIPATION IN APERS UNDER THE PROVISIONS OF ACT 398 AND ACT 1292 of 1995 (as amended in 1997 and May 1998)

In accordance with Acts 398 and 1292 of 1995, when the majority of employees of an entity covered by this Act elect to participate in APERS, the governing body of such entity shall certify such vote to the Executive Director of APERS within 10 days after the vote by the employees. The effective date of coverage shall be either the first day of the calendar month next following receipt by the Executive Director of the election or the July 1st next following the receipt, as determined by the vote.

REGULATION 307 - 1997 - PARTICIPATION IN APERS UNDER PROVISIONS OF ACT 76 OF 1997 (as amended in May 2001)

In accordance with Act 76 of 1997, if the Intergovernmental Juvenile Detention Council of the 10th Judicial District elects, by a majority vote of the Council, to participate in APERS, the Council shall certify such vote to the Executive Director of APERS within 10 days after the vote. The effective date of coverage shall be the later of July 1, 1997 or the first day of the calendar month next following receipt of the election results by the Executive Director.

Interest on prior service purchases shall be "regular interest" as defined by the Board in Regulation 408.

REGULATION 308 - 1997 - ENROLLMENT IN APERS BY COLLEGES AND UNIVERSITIES
(as amended in May 2001)

Arkansas Code of 1987 Annotated 24-7-1002 requires certain employees of state universities, colleges, and community colleges to be enrolled in the Arkansas Public Employees Retirement System (APERS), rather than the Arkansas Teacher Retirement System (ATRS) or the College Alternate Plan. Beginning November 20, 1997, those individuals first employed by the various colleges, universities, or community colleges in pay grade 17 and below shall become members of APERS. All members of APERS who are promoted to a position grade 18 and above will automatically become a member of ATRS or the College Alternate Plan unless they choose to remain in APERS. Notwithstanding the regulation in effect November 20, 1997, any employee first hired by a state college or university (other than an institution in the U of A System) after the effective date of Act 765 of 2001 may choose to participate in APERS, ATRS, or an alternate plan as offered by the college or university.

REGULATION 309 - 1999 - LOCAL GOVERNMENT UNIT PARTICIPATION

In accordance with Act 865 of 1999, Rehabilitation Service Corporations that have acquired the status of a corporation authorized by Act 880 of 1999, and other Local Units of Government as specifically defined in various sections of the Arkansas Code, may elect to participate in APERS. Provided, however, an entity shall not be allowed to participate if such participation would jeopardize the tax-qualified status of the Plan under the Internal Revenue Code. Said election must be made by a majority vote of the governing body of each entity, or if there is no governing body, the election shall be made by the executive head of the entity. The entity shall certify the results of the election to the Executive Director of APERS within 10 days after the vote. Requests for participation shall be presented to the APERS Board for final approval. In the event the Board determines there are qualification issues that must be resolved before final approval, the Board shall request a review by the System's actuary, the Attorney General's Office, or other sources as are needed. Pending review for IRS compliance, the effective date of coverage shall be the first day of the calendar month next following receipt of the certification or the July 1st next following the receipt, as determined by the election.

Employers electing to participate under this Regulation shall be placed in the Local Government Division and the employer contribution rate shall be the rate for that Division.

Subject to the limitations contained in Section 415 of the Internal Revenue Code, prior service may be purchased by persons employed by these participating entities in accordance with the standard purchase provisions as follows:

1. The person is a participating employee covered under the System at the time of the purchase; and

2. The purchase does not jeopardize the tax-qualified status of the Plan; and
3. The person furnishes proof, in a form required by the System, of the service and compensation received, and
4. The person pays, or causes to be paid, all employee contributions at the rate and on the compensation that would have been paid had he/she been a member during that time, all employer contributions based on the employer normal cost from the most recently completed regular annual actuarial valuation and the compensation that would have been paid had he/she been a member during that time, and regular interest (as defined by Regulation 408) on the employee and employer contributions. The interest shall be computed from the date the service was rendered to the date the payment is received by the System. The person may purchase all of the service or any portion thereof in multiples of one (1) year; and
5. The payment of funds shall be made in one (1) lump sum.

REGULATION 310 - 1999 - TERMINATION OF OTHER EMPLOYER PARTICIPATING RETIREMENT PLANS (as amended May 2001)

In accordance with Act 884 of 1999, effective July 1, 1999, employers participating in APERS may not establish another state authorized retirement plan which requires employer contributions. Before a participating employer may establish another state authorized retirement plan for its employees, the employer shall submit a copy of the proposed plan and the State law(s) authorizing its creation to the APERS Board of Trustees for a determination of compliance with Act 884. The Board will provide a Determination Letter to the employer. If it is determined by the Board, after consultation with any needed sources, that the proposed plan is not permitted under Act 884, APERS shall notify the employer that the plan may not be established.

In accordance with Act 1299 of 2001, any participating employer that has established another state authorized retirement plan before July 1, 1999 may continue to enroll new employees in that plan or successor plans.

REGULATION 311 - 2005 – ELECTION OF CONTRIBUTORY PROVISIONS OF ACT 2084 of 2005

All non-contributory members electing to participate in the new contributory program shall commence contribution of five percent (5%) of salary with the first payroll processing period of the ensuing effective calendar month.

Members of APERS who are called to active military duty prior to July 1, 2005 shall, upon their return to covered employment, have six (6) months within which to opt into the new contributory program.

Notwithstanding the provisions of A.C.A. 24-4-1101(c), a non-contributory member who terminates service after December 31, 2005, but returns to covered employment in less than six (6) months, shall have the option to become contributory at the hire date.

REGULATION 312 – 2011 – CONTRIBUTIONS REQUIRED OF NEW COUNTY AND ELECTED OFFICIALS WHO ARE ELECTED FOR THE FIRST TIME AFTER JULY 1, 2011.

In compliance with Act 563 of 2011, any county or municipal elected official who (1) has never served in an elected position covered by this system; (2) who is elected or appointed to office on or after July 1, 2011; and (3) who is entitled to receive enhanced service credit under A.C.A. 24-4-521(b)(5), shall contribute 2.5% of his or her gross salary for the additional service credit that exceeds the regular rate of service credit in order to be entitled to any service credit whatsoever accruing as a result of serving in the elected office. Any such official who requests a refund of these contributions shall forfeit all service credit for the period represented by the refund.

PURCHASE, REFUND REPAYMENT, OTHER SERVICE

REGULATION 401 – 1957 – PROOF OF MILITARY SERVICE (as amended in 1987)

Any member of PERS claiming military service shall submit:

1. Proof of PERS covered employment immediately prior to going into military service.
2. Proof of military service in the form of a DD-214 or equivalent document.
3. Proof of rehire by an agency subject to this Act's statutory provisions within six years subsequent to discharge from military service.

Any member of PERS desiring to purchase military service must provide proof of military service in the form of a DD-214 or equivalent document.

REGULATION 402 – 1986 – PARTIAL PAYMENT AGREEMENT (Adopted August 2016)

Repayment of refunded contributions by a member to re-establish forfeited service must be made in the Retirement System one-year increments, subject to the following conditions:

1. Service credit will be restored to the member's retirement account as each year's full payment is received by the System.
2. Full payment must be made before a member, or his survivor, makes application for monthly benefits. The interest applied to such purchases shall equal the actuarially assumed rate of return during the period of original service.
3. A person not a member of the System, but who is a member of another retirement system and eligible for Reciprocal Agreement coverage (Act 488 of 1965, as amended), will be considered a member for the purpose of repurchasing service credit under this Regulation.

REGULATION 403 - 1991 PURCHASE OF MILITARY SERVICE CREDIT

Military service credit eligible for purchase under A.C.A. 24-2-502 shall include active duty and active duty for training; provided, however, active duty for training shall not include summer camp, weekend drills, or other duty with a duration of less than 30 consecutive days.

REGULATION 404 - CONTRIBUTIONS FOR MILITARY SERVICE CREDIT

In those instances where federal law requires that a member receive credit in the Retirement System for service and earnings that the member would have received had the member not been called to active military duty, the employer shall be required to pay the employer contributions that would

have been due for the earnings to be credited.

REGULATION 405 - 1995 - PURCHASE OF SERVICE CREDIT FOR TIME LOST DUE TO WORKER'S COMPENSATION INJURY (as amended May 1998)

In accordance with the provisions listed below, an active member of APERS may purchase time lost due to a worker's compensation injury.

- a. The Member makes a written request to the System to purchase the service.
- b. The Member provides documentation from the employer and the Worker's Compensation Commission that time was lost due to a worker's compensation injury. Documentation must include a statement by the employer of the exact amount of time lost by month.
- c. The Executive Director determines that there is sufficient documentation and that all other requirements of A.C.A. 24-4-516 have been met.
- d. The Member pays or causes to be paid in a lump sum the cost of the purchase as determined by the System in accordance A.C.A. 24-4-516.

REGULATION 406 - 1995 - PURCHASE OF SERVICE CREDIT FOR STATE SERVICE UNDER A FEDERAL GRANT (as amended May 1998)

In accordance with the provisions listed below, a person who is or was a member of APERS may purchase credit for state service under a federal grant.

- a. The Member makes a written request to the System to purchase the service.
- b. The Member provides documentation from the state agency receiving the service and the appropriate federal agency of the time of the service and the amount the person was paid by month.
- c. The Executive Director determines that there is sufficient documentation and that all other requirements of A.C.A. 24-4-517 have been met.
- d. The Member pays or causes to be paid in a lump sum the cost of the purchase as determined by the System in accordance with A.C.A. 24-4-517 The Member may purchase all of the service, subject to the maximum stated in the Act, or any portion thereof in multiples of one year.

REGULATION 407 - 1996 - DIRECT TRANSFER OF ELIGIBLE ROLLOVER DISTRIBUTION

As permitted by IRS Regulations issued October 19, 1995. APERS will accept eligible rollover distributions from tax qualified retirement plans under the following conditions:

- a. The proceeds from the rollover distribution must be used to purchase eligible service credit in APERS or to repay a refund and thereby reestablish forfeited service.
- b. If the former plan is a defined contribution plan, that plan must permit such rollover.
- c. The exact source of all funds involved in the rollover must be identified by the former plan. That is, after tax employee contributions, pre-taxed contributions and source (employee or employer), or earnings on contributions.

REGULATION 408 – 1997 – REGULAR INTEREST (as amended May 2001)

In accordance with A.C.A. 24-4-101 (38), the rate of interest to be charged for all provisions of Chapter 4 of Title 24 where reference is made to "regular interest" shall be the actuarially assumed rate of return as adopted by the board of trustees from time to time. Unless otherwise directed by the board of trustees, the change in the level of "regular interest" shall become effective on the first day of the calendar year. Any commitment already in active payment status at that time, wherein APERS has received at least one installment payment, shall remain at the rate previously established by the board.

REGULATION 409 - 2005 – PURCHASE OF OUT-OF-STATE OR FEDERAL SERVICE CREDIT

Pursuant to Act 2021 of 2005, permissible purchases of out-of-state public employment shall include service that, had it been performed in Arkansas would typically be covered by other state public retirement systems, such as teacher, law enforcement and judiciary time. Such purchases shall be irrevocable once completed.

Establishment of out-of-state service purchases must be documented through the submission of a completed APERS form certified by the former out-of-state employer.

Pursuant to Act 2091 of 2005, permissible purchases of federal public employment must have adequate documentation of actual employment; service as a contractor, or other activity not otherwise covered for federal retirement benefits is not eligible for purchase. Federal service purchases must be documented through the submission of a completed APERS form certified by the former federal employer.

Out-of-state or federal service purchases will be strictly credited as actual service in APERS.

REGULATION 410 - 2005 – PURCHASE OF ARKANSAS NATIONAL GUARD OR ARMED FORCES RESERVE SERVICE

Under the provisions of Act 1027 of 2005, APERS members are eligible to purchase one year of service credit for time served in the Arkansas National Guard or Armed Forces Reserve. The member shall receive one (1) year of purchased service credit for five (5) years of compensated service in the Arkansas National Guard or in the Armed Forces Reserve.

Members are eligible to purchase one year of service in a lump sum payment. However, each calculation will be based on the most recent data (i.e. salary, employer rate) and the interest will continue to accrue.

A copy of the Form DD-214 or other authorized military document will be utilized to document active duty (IADT, AD). All other National Guard service (Inactive duty training (IDT), Annual Training (AT) and Active Duty for Training (ADT)) must be documented with a copy of NGB Form 23 or other authorized military document.

Annual salary will be defined as “fiscal year salary” that is reported from July of one year to June of the next year. Likewise full year will be defined as “fiscal year” which is from July of one year to June of the next year.

Interest used in the calculation of said purchases, in compliance with A.C.A. 24-2-502, will be at the rate of six percent (6%). When the final average of the three (3) highest annual salaries earned at the time of purchase are utilized, interest will be calculated from the end of the most recent year of credited service to the date of payment of full.

Purchased service in the Arkansas National Guard or Armed Forces Reserve can't overlap purchased or free military service.

REGULATION 411 - 2009 – PURCHASE OF SERVICE AUTHORIZED BY SECTION 2 OF ACT 295 of 2009

A member seeking to purchase National Guard service or armed forces reserve service pursuant to section 2 of Act 295 of 2009 shall be permitted to purchase such service in monthly increments up to the maximum amount of credited service authorized by Act 295.

INVESTMENTS

REGULATION 501 – 1985 – INVESTMENT POLICY (as amended Nov. 2004 and May 2010)

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

INVESTMENT POLICY

I. STATEMENT OF PURPOSE

The assets of the Arkansas Public Employees Retirement System (APERS) shall be invested as determined from time to time by the APERS Board. This statement sets forth the investment objectives of APERS and the investment policies to be followed in carrying out those objectives.

Investment of the APERS' funds shall be made for the exclusive benefit of the participants and beneficiaries of the System. The purposes of investing APERS' funds are to provide benefits to participants and their beneficiaries and to defray the necessary expenses associated with investing APERS' funds and administering the System.

II. BACKGROUND (HISTORY)

The Arkansas Public Employees Retirement System was established by the General Assembly in 1957 and is governed by a nine member Board of Trustees. From its inception until 1985, the investment of the trust fund was governed by Arkansas Statutes that provided for a permissible list of investments. However, Act 412 of 1985 repealed the permissible investment list and enacted the prudent investor rule. Act 412 of 1985 also allows the establishment of a custodial bank relationship. Act 412 of 1985 states that the System shall seek to invest at least five percent, but not more than ten percent of the System's portfolio in Arkansas related investments, but only when consistent with the fiduciary requirements of the trustees. Act 302 of 1989 allows the System to employ Multiple Discretionary Money Managers as appropriate. Act 1194 of 1997 revises and updates the investment policies and rules, including the prudent investor rule.

III. STATUTORY AUTHORITY

The primary statutory authority for the investment activities of APERS is found in Sections 24-2-601 through 24-2-619 of the Arkansas Code, as amended. Trustees shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms,

distribution requirements, and other circumstances of the trust. Trustees who have special skills or expertise, have a duty to use those special skills or expertise (24-2-611). The prudent investor rule shall be applied by each party serving in a fiduciary capacity for APERS.

IV. INVESTMENT OBJECTIVES

The investment objectives shall be: (1) the protection of the APERS' Fund so that such assets are preserved for providing benefits to participants and their beneficiaries; and (2) to maximize total return - either in the form of income or capital appreciation or both - consistent with prudent risk taking on the amounts available to provide such benefits. For this purpose, short-term fluctuations in value shall be considered secondary to long-term investment results. The long-term return objective for the APERS' Fund shall be to achieve a real rate of return of 4.0%. This is the return over the rate of inflation (as measured by the Consumer Price Index). This objective is not to be a goal from year to year, but is intended as a long-term guideline to those involved in investing the Trust's assets. The investments of the APERS' Fund shall be so diversified as to minimize the risk of large losses, unless under particular circumstances it is clearly prudent not to do so. Investments will be further diversified by hiring an appropriate number of managers whose investment styles are varied enough to provide a balance to the overall risk of the Fund.

V. ASSET ALLOCATION (BY MAJOR CATEGORIES)

To avoid extreme exposure to investment risk, the following percentages represent the minimum and maximum portion at market of the portfolio that may be invested by types:

<u>Asset Class</u>	<u>Market Value Exposure</u>	
	<u>Target</u>	<u>Range</u>
Domestic Equity	37 %	32 % - 42 %
International Equity	24 %	19 % - 29 %
Domestic Fixed Income	18 %	13 % - 23 %
Diversified Strategies	5 %	0 % - 10 %
Real Assets	16 %	11 % - 21 %

The Board of Trustees shall review its asset allocation at least annually to determine if the asset allocation is consistent with the level of risk and volatility acceptable to the Fund.

Should actual asset class percentages fall outside the target ranges, the Fund will rebalance to the target percentages. The rebalancing will necessitate the movement of funds from style to style. This rebalancing will occur at least annually unless circumstances dictate that it be done more frequently. Within these broader asset classes, the Trustees shall establish commitment levels to various investment styles, as the dynamics of the Plan's financial needs dictate.

VI. PORTFOLIO GUIDELINES

Through selecting, timing and weighting investments, the Fund's objective is to maximize the total return of the account assets, through price appreciation and/or yield, consistent with the level of risk taken. In determining the appropriate risk posture for the Fund, consideration should be given to the overall risk characteristics of the Fund, and the extent to which components of the Fund are diversified. Additionally, the Board of Trustees establishes the following specific guidelines:

- A. Securities may not be purchased on margin.
- B. The System may establish a Securities Lending Program subject to restrictions established by the Board.
- C. Each investment manager will be required to invest within the specific guidelines and parameters set by the Board of Trustees.
- D. APERS recognizes a legal responsibility to seek to invest in the Arkansas economy, while realizing its primary, legal, and fiduciary commitment is to beneficiaries of the retirement system, under the prudent investor rule.
- E. It is the intent of APERS to include qualified minority (African-American, Hispanic-American, American Indian, Asian-American, or Pacific Islander-American), female, and disabled owned business enterprises in the Fund's investment manager selection process. The inclusion of the above managers in the selection process will be recorded and periodically reviewed by APERS staff and presented to the Board as requested. This process is intended to ensure all investment managers are given equitable consideration in the manager selection process in keeping with the fiduciary obligations of the APERS Board for the beneficiaries and annuitants of the System.

VII. CUSTODIANSHIP OF SECURITIES

Securities may be held by the State Treasurer or, under the authority granted by Arkansas Code 24-2-606, APERS may establish an arrangement with a financial institution, as specified by this Code, for the custodianship of its securities subject to the approval of the Board of a Request for Proposal as well as a proposed contract.

VIII. ROLES AND RESPONSIBILITIES

A. Custodian Bank

The custodian bank shall, by nominee agreement, hold any and all securities for the beneficial interest of the APERS fund. Custodial activities will include, but are not limited to, the purchase, registration, and sale of stocks, bonds, notes, and other

securities, as well as the collection of any income. In order to maximize the Fund's return, no money should be allowed to remain idle. Dividends, interest, proceeds from sales, new contributions and all other moneys are to be invested or reinvested promptly.

B. Administrative Staff

The Administrative Staff, at the direction of the, Board of Trustees, executes all investment transactions for any assets managed in- house. In addition, they are responsible for communicating with the investment professionals the information necessary to fulfill contractual obligations. The Administrative Staff also communicates decisions of the Board of Trustees to investment managers, custodian bank, actuary, and consultant.

C. Board of Trustees

The Board of Trustees shall review the total investment program. The Board shall approve the investment policy and provide overall direction to the administrative staff in the execution of the investment policy. The Board of Trustees shall review and approve or disapprove investment recommendations not governed by Investment Policy prior to their execution. The Board shall also review and approve investment policy changes, deletions, or additions. The Board shall review and approve or disapprove any contracts of a financial nature, when performed by other than APERS' staff persons, such as, although not limited to, those for investment counselors, custodial arrangements, option programs, and security lending.

IX. TOTAL FUND PERFORMANCE MEASUREMENT STANDARDS

- A. The Fund's overall annualized total return (price change plus income) should exceed the return available from a policy of "rolling over" 90-day Treasury Bills (as a proxy for the inflation rate) by at least 4.0% percentage points per year measured over a period of 10 years.
- B. The Total Fund should rank in the upper 50th percentile compared to the results of other similarly managed public fund portfolios measured over a five-year period.
- C. The Fund's annualized total return over rolling five year periods should, after manager's fees, exceed the return of the following Target Indices as established by the Board.

X. PROXY VOTING

The Board has directed that the individual investment managers will be responsible for voting proxies in the best interest of APERS. Each investment counselor is responsible for maintaining records of how each proxy is voted. A written report of proxy voting will be provided to the Board within 30 days from the end of each quarter. In general, each investment counselor is expected to vote for improvements in corporate governance, for the alignment interests of

corporate management with shareholder interests, and for equal access to the management proxy card. A detailed explanation will be given for each instance where the proxy is voted against these concepts or against management.

XI. REVIEW OF INVESTMENT PROCESS

- A. On a timely basis, but not less than twice a year, the Board will review actual investment results achieved by each manager (with a perspective toward a three to five-year time horizon or a peak-to-peak or trough-to-trough market cycle) to determine whether:
 - 1. The investment managers performed in adherence to the investment philosophy and policy guidelines set forth herein,
 - 2. The investment managers performed satisfactorily when compared with:
 - a. The objectives set.
 - b. Other similarly managed funds.
- B. In addition to reviewing each investment manager's results, the Board will re-evaluate, from time to time, its progress in achieving the total fund, equity, fixed-income, and international equity segments objectives previously outlined.
- C. The periodic re-evaluation also will involve an evaluation of the continued appropriateness of:
 - 1. The manager structure;
 - 2. The allocation of assets among the managers; and
 - 3. The investment objectives for the Fund's assets.
 - 4. The Board may appoint investment consultants to assist in the ongoing evaluation process. The consultants selected by the Board are expected to be familiar with the investment practices of other similar retirement plans and will be responsible for suggesting appropriate changes in the Fund's investment program over time.

DISTRICT JUDGE MEMBERS

REGULATION 601 – 2009 – POLICY

- (a) It is declared to be the state's public policy that district judges and former municipal judges may retire or be retired when that course appears to be in the best interest of the official concerned and for the public welfare.
- (b) Factors to be considered for retirement are:
 - (1) Physical disability;
 - (2) Advanced age; or
 - (3) Other infirmities calculated to materially impair the conduct of judicial duties.

REGULATION 602 – 2009 – DEFINITIONS

As used in these regulations:

- (1) "Actual service" means service credit beginning January 1, 2005, in the former Arkansas District Judge Retirement System and service credit beginning July 1, 2007 in the Arkansas Public Employees Retirement System;
- (2) "Average annual salary" means the average of the last three (3) years' salary ending with the most recent year;
- (3) "Board" means the Board of Trustees of the Arkansas Public Employees' Retirement System after June 30, 2007 and means the Board of Trustees of the Arkansas District Judge Retirement System for the period beginning January 1, 2005 through June 30, 2007;
- (4) "District judge" means:
 - (A) A district judge in office on December 31, 2004, who was covered under § 24-8-801 et seq.; or
 - (B) A district judge elected to office on or after January 1, 2005 through June 30, 2007;
- (5) "Municipal judge retirement fund" means a local municipal judge and clerk retirement fund established by a local government under § 24-8-301 et seq., § 24-8-401 et seq., or § 24-8-501 et seq.;
- (6) "Purchased service" means service credited for retirement purposes on or before December 31, 2004, in a municipal judge retirement fund;
- (7) "System" means the Arkansas Public Employees' Retirement System; and
- (8) "Total service" means the sum of actual service and purchased service.

REGULATION 603 - 2009 – ANNUAL ACTUARIAL VALUATION AND MONETARY DISTRIBUTION

- (a) An actuarial valuation shall be made annually to determine if the division allocated to Arkansas District Judges Division of APERS is meeting the financial objectives of state-supported retirement systems.
- (b) The provisions of this subchapter are contingent upon and shall only remain in effect if the disbursement of fine revenues continues under the law as it existed on July 16, 2003.

REGULATION 604 – 2009 – MEMBERSHIP GENERALLY

(a) If elected or appointed to office, all district judges shall participate in the Arkansas District Judge Retirement System beginning January 1, 2005 through June 30, 2007 and shall participate in the Arkansas Public Employees' Retirement System thereafter.

(b) (1) A district judge who is covered by the Arkansas Public Employees' Retirement System on December 31, 2004, will continue to be covered by that system on January 1, 2005.

(2) The successor judge of that district court shall be covered by the Arkansas District Judge Retirement System for the period January 1, 2005 through June 30, 2007 and by Arkansas Public Employees' Retirement System thereafter.

(c) (1) Any former municipal judge who is eligible to receive a retirement benefit for service as municipal judge as provided by law before July 16, 2003, and any former municipal judge who is receiving a retirement benefit as provided by law for service as municipal judge shall participate during the period from January 1, 2005 through June 30, 2007 in the Arkansas District Judge Retirement System and have his or her benefits administered by this system during that period.

(2) Any former municipal judge who is eligible to receive a retirement benefit for service as municipal judge as provided by law before July 16, 2003, and any former municipal judge who is receiving a retirement benefit as provided by law for service as municipal judge shall participate in the Arkansas Public Employees' Retirement System beginning July 1, 2007 and have his or her benefits administered by this system thereafter.

(3) A surviving spouse of a municipal judge who is eligible to receive a survivor's benefit as provided by law on December 31, 2004, and any surviving spouse of a municipal judge who is receiving a retirement benefit as provided by law shall participate on and after January 1, 2005, in the Arkansas District Judge Retirement System and have his or her benefits administered by that system until June 30, 2007 and shall participate in the Arkansas Public Employees' Retirement System beginning July 1, 2007 and have his or her benefits administered by this system thereafter.

REGULATION 605 – 2009 – CONTRIBUTIONS MEMBERS REFUND

(a) The contribution of each district judge member of the Arkansas District Judge Retirement System shall be five percent (5%) of each member's annual salary for service rendered on or after January 1, 2005.

(b) If a district judge ceases to be a member prior to qualifying for retirement benefits, the judge may be refunded all contributions paid by the judge into the system.

(c) (1) For purposes of deferring federal and state income tax and pursuant to the provisions of 26 U.S.C. § 414(h)(2), as adopted by § 26-51-414, the government entity that pays the salary of the judge shall pick up the member's contributions to the system as required by this section and that are payable on or after January 1, 2005.

(2) (A) Member contributions paid by the applicable government entity shall be paid from the same source of funds used for the payment of salary to a member.

(B) A deduction equal to the amount of the member's contribution paid by the employer shall be made from each member's salary.

(3) For all other purposes, member contributions paid by the applicable government entity shall be considered member contributions.

REGULATION 606 – 2009 – CONTRIBUTIONS GOVERNMENT ENTITY

(a) (1) As employer, the government entity that pays the salary of a district judge shall make contributions to the Arkansas Public Employees' Retirement System as a percent of the salary of the active district judge based on the most recent actuarial cost report.

(2) These contributions will begin January 1, 2005.

(b) (1) If any participating public employer fails to file the retirement report with the system by the date established by the Board of Trustees of the Arkansas District Judge Retirement System, the system shall impose a penalty of one hundred fifty dollars (\$150) for each time the report is late.

(2) A statement of the penalty shall be sent to the participating employer.

(3) If the penalty is not received by the last business day of the month in which the report was due, then the system shall cause the amount to be transferred from any moneys due the participating public employer from the Treasurer of State as provided in § 19-5-106(a)(5).

REGULATION 607 - 2009 –ADDITIONAL FUNDING FOR RETIREMENT BENEFITS

(a) The government entity that has established a local municipal judge's retirement fund shall be required to contribute an amount of money that represents the actuarially determined accrued liability for those judges and former judges who are covered by the local fund on December 31, 2004.

(b) The assets in the local municipal judge retirement fund, not to exceed the amount in subsection (a) of this section, shall have been paid to the Arkansas District Judge Retirement System on January 1, 2005.

(c) If the local municipal judge retirement fund does not have sufficient money available to pay the amount determined in subsection (a) of this section to the system on January 1, 2005, then the remaining amount of actuarially determined accrued liability shall be paid to the Arkansas District Judge Retirement System on or before December 31 each year after for up to the next thirty (30) years based on a thirty-year amortization period.

(d) (1) If the amount in the municipal judge retirement fund is greater than the actuarially determined amount of the liabilities to be transferred to the system, that excess may be retained by the sponsoring government entity for the sole purpose of paying the retirement benefits of district judges.

(2) If at any time in the future an obligation to fund the system no longer exists, then any excess shall be retained by the sponsoring government entity.

(e) (1) The accrued benefit used to determine the accrued liability under this section shall be determined by:

(A) Calculating the benefit that the judge would be eligible to receive on December 31, 2004, as provided by law before July 16, 2003, if the judge was eligible to begin receiving benefits on January 1, 2005; and

(B) Multiplying the amount in subdivision (e)(1)(A) of this section by the number of years of eligible service and then dividing by the greater of either the number of years of service needed to be eligible to retire or the current years of eligible service.

(2) The service years shall be determined under the law before July 16, 2003.

(f) The accrued benefit determined under subsection (e) of this section for any retiree or surviving spouse who is receiving benefits on December 31, 2004, shall be the amount that he or she is receiving or entitled to receive on that date.

REGULATION 608 – 2009 - CONTRIBUTIONS— CESSATION UPON MAXIMUM BENEFIT ELIGIBILITY

When a district judge has sufficient service in the Arkansas District Judge Retirement System to qualify for the maximum benefit provided by this subchapter, no further contributions are required.

REGULATION 609 – 2009 – ACTUAL SERVICE REQUIREMENT

(a) Benefits under this subchapter shall be based on actual service in the Arkansas District Judge Retirement System beginning January 1, 2005 and on actual service in the Arkansas Public Employees Retirement System beginning July 1, 2007.

(b) (1) Eligibility for benefits shall be based on actual service in the Arkansas District Judge Retirement System and on actual service in the Arkansas Public Employees Retirement System plus the equivalent service purchased from the Municipal Judge and Clerk Retirement System as of January 1, 2005.

(2) This regulation is not intended to decrease the benefits earned or increase the eligibility requirements for members who were participants in a local plan, as authorized by law, prior to January 1, 2005.

(3) The benefits earned and those eligibility requirements shall transfer to the Arkansas District Judge Retirement System and to the Arkansas Public Employees Retirement System following the abolishment of the Arkansas District Judge Retirement System.

(c) Any laws permitting the purchase of nonvested service or providing free credited service shall not apply.

(d) The provisions of §§ 24-2-501 and 24-2-502, concerning free and purchased credited service, shall not apply.

REGULATION 610 – 2009 - ELIGIBILITY FOR BENEFITS — RETIREMENT GENERALLY

Any district judge shall be eligible for a retirement benefit if the judge has served at least:

- (1) Twenty (20) years of total service upon reaching age fifty (50);
- (2) Sixteen (16) years of total service upon reaching age sixty (60); or
- (3) Eight (8) years of total service upon reaching age sixty-five (65).

REGULATION 611 - 2009 - ELIGIBILITY FOR BENEFITS — EARLY RETIREMENT

(a) Any member of the Arkansas District Judge Division of the Arkansas Public Employees Retirement System who has eight (8) years or more of actual service in the system, including service in the former Arkansas District Judge Retirement System, may elect to retire and receive retirement benefits at any time after reaching age sixty-two (62) and before reaching age sixty-five (65).

(b) The retirement benefits of a member electing to retire before age sixty-five (65) with less than sixteen (16) years of actual service shall be reduced six percent (6%) for each full year and proportionately for any part of a year that the judge retires before reaching age sixty-five (65).

REGULATION 612 - 2009 - ELIGIBILITY FOR BENEFITS — DISABILITY RETIREMENT

(a) Any member of the Arkansas District Judge Division of the Arkansas Public Employees Retirement System who has served a minimum of five (5) consecutive years as a member of the system (including service in the former Arkansas District Judge Retirement System, if any), shall receive retirement benefits if any incapacitating disability as determined by the Board of Trustees of the Arkansas Public Employees Retirement System shall occur during any term for which the judge has been elected.

(b) (1) A judgment of disability shall not be granted by the board unless the board is reasonably assured of a judge's permanent physical or mental incapacity to perform the duties of the judicial office.

(2) The board shall act only upon proper certification of incapacity by two (2) or more physicians.

REGULATION 613 – 2009 - RETIREMENT AND SURVIVOR’S BENEFITS GENERALLY

(a) The retirement benefits to be paid an eligible and qualified member or retiree under these regulations shall be the sum of subdivisions (1) and (2) of this subsection:

(1) Two and five-tenths percent (2.5%) of the average annual salary multiplied by the number of years of actual service; and

(2) The accrued benefit from the municipal judge retirement funds as of December 31, 2004, that was purchased and defined under Regulation 607.

(b) The benefit in subsection (a) of this section shall not exceed eighty percent (80%) of the average annual salary.

(c) (1) Survivors' benefits shall be fifty percent (50%) of the amount of the retirement benefits of an active district judge or a judge who has retired under the provisions of a local plan before January 1, 2005.

(2) Upon the death of an active district judge who has served at least three (3) years, the judge's survivors shall receive a sum equal to fifty percent (50%) of the retirement benefits provided in subsection (a) of this section.

(3) Survivors' benefits shall be payable as follows:

(A) If the deceased judge is survived by a spouse to whom the judge was married for not less than one (1) year and with whom the judge was living at the time of death and if the decedent is not survived by any minor child or children, then the spouse shall draw for life or until remarriage a sum equal to fifty percent (50%) of the benefits provided in subsection (a) of this section;

(B) (i) If the decedent is survived by both an eligible spouse and minor children, then one-half (½) of the survivors' benefits shall be paid to the spouse for life or until remarriage.

(ii) The other one-half (½) of the survivors' benefits shall be paid to the guardian of the minor children during the period of minority.

(iii) When all of the children cease to be minors, then the survivors' benefits paid to the minor children shall be paid to the spouse;

(C) If the deceased judge is not survived by an eligible spouse but is survived by minor children, then the survivors' benefits under subsection (a) of this section shall be payable to the guardian of the minor children during the period of minority; and

(D) If a surviving spouse who is receiving survivors' benefits under this section remarries and the benefits are discontinued and the surviving spouse again becomes unmarried, benefits provided in this section for the spouse shall be resumed.

(d) As used in this section, "average annual salary" means the average of the last three (3) years' salary ending with the most current year.

REGULATION 614 – 2009 – ELIGIBILITY FOR BENEFITS – DEFERRED VESTED RETIREMENT

(a) Any member of the Arkansas District Judge component of the Arkansas Public Employees Retirement System who has served a minimum of eight (8) years of service, including any service in the former Arkansas District Judge Retirement System, shall be eligible for a deferred vested retirement benefit.

(b) This deferred vested benefit is accrued under Regulation 613 and is payable beginning on the first of the month after the member has reached age sixty-five (65).

REGULATION 615 - 2009 – RESTRICTIONS ON BENEFITS

(a) (1) These regulations are complementary.

(2) However, no person may take benefits under two (2) or more of these regulations at the same time.

(b) Retirement and survivors' benefits shall be measured by the average annual salary under § Regulation 613(d).

REGULATION 616 – 2009 - REDETERMINATION OF BENEFITS

(a) The provisions of this section shall apply only to benefits provided for members of the Arkansas District Judge Retirement System for service rendered between January 1, 2005 and July 1, 2007, and service rendered in the Arkansas Public Employees Retirement System thereafter.

(b) (1) Each July 1 the system shall redetermine the amount of each monthly benefit that has been payable by the system for at least twelve (12) full calendar months.

(2) The redetermined amount shall be payable for the following twelve (12) calendar months.

(c) The redetermined amount shall be the amount of benefit payable as of the immediately preceding July 1 increased by three percent (3%).

REGULATION 617- 2009 – LIMITATION ON BENEFIT ENHANCEMENT

(a) No enhancement of benefits under Regulation 613 shall be implemented if it would cause the Arkansas District Judge Retirement System's unfunded actuarial accrued liabilities to exceed a thirty-year amortization.

(b) No enhancement of benefits under Regulation 613 shall be implemented by the system if it has unfunded actuarial liabilities being amortized over a period exceeding thirty (30) years until the unfunded actuarial liability is reduced to a level less than the standards prescribed by § 24-1-101.

REGULATION 618 – 2009 – RECIPROCAL SYSTEM

(a) The Arkansas District Judge Retirement System is a reciprocal system under 24-2-401 — §§ 24-2-404.

(b) There is no reciprocal service with the local municipal judge retirement systems before January 1, 2005.

(c) In establishing eligibility for a benefit from the system, the credited service under all reciprocal systems shall be totaled, and the total credited service shall be used in determining eligibility for a system benefit.

(d) In determining the amount of a benefit from the system, only the credited service under the system and the benefit formula of the system shall be used.

(e) Whenever the system provides a benefit amount that 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.

REGULATION 619 - 2009 – TERMINATION REQUIRED FOR RETIREMENT

(a) A member must terminate covered employment to be eligible for retirement.

(b) A member is not terminated from employment for retirement purposes if the person returns to a position that would otherwise be covered within one hundred eighty (180) days of the person's effective date of retirement.

(c) Persons failing to meet termination requirements shall forfeit their benefits until the requirements are met.

REGULATION 620 - 2009 – BENEFIT PROVISIONS - SUBJECTION OF ANNUITY RIGHTS TO PROCESS OF LAWS

(a) (1) The right of a person to an annuity, to the return of accumulated contributions, the annuity itself, any annuity option, any other right accrued or accruing under the provisions of this subchapter, 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.

(2) The rights described in subdivision (a)(1) of this section shall not be assignable except when a qualified domestic relations order has been filed pursuant to § 9-18-101 et seq., or except as specifically provided in these regulations.

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

REGULATION 621 – 2009 – ADJUSTMENTS OF ERRONEOUS PAYMENTS

(a) (1) If any change or error in the records of the Arkansas District Judge component of the Arkansas Public Employees Retirement System or any audit of a member's annuity calculations results in any person's receiving more or less than the person is entitled to receive had the records or the calculations been correct, the Board of Trustees of the Arkansas Public Employees Retirement System shall correct the error and adjust the payment in accordance with these regulations so that the actuarial equivalent of the benefit to which the person was correctly entitled is paid.

(2) However, no monthly adjustment of less than one dollar (\$1.00) shall be made.

(b) If an overpayment is determined, any subsequent payments shall be adjusted to the correct amount.

(c) If an underpayment is determined, regardless of the date of the determination, the system shall pay in a lump sum to the person the total of any underpayments made prior to the date of determination, and any subsequent payments shall be adjusted to the correct amount.

REGULATION 622 – 2009 – INCORPORATION OF THE ARKANSAS DISTRICT JUDGES RETIREMENT SYSTEM'S BOARD REGULATIONS

The Arkansas District Judges Retirement System's Board Regulations are incorporated into these regulations by reference.

REGULATION 623 – 2009 – NO WAIVER OF SOVEREIGN IMMUNITY

Nothing contained in these regulations shall be taken as a waiver of sovereign immunity.