



# Vesting and Benefit Notice

## For Certain Members Requesting Termination of Employment Refunds

### **SUMMARY**

This notice is provided to you by the Arkansas Public Employees' Retirement System (the "System") because you requested a termination of employment refund and our review of your retirement record indicates that you have at least five (5) years of service credit in the system. With at least 5 years of service credit, you are vested for (or entitled to) a lifetime retirement benefit; and you can begin receiving a benefit when you meet certain age and service requirements. However, if we issue your refund, you will forfeit (or lose) your contributory service credit, and you may no longer be vested for a lifetime retirement benefit.

This notice is intended to provide you with additional benefit information so that you can understand your eligibility for future benefits and determine if you want to proceed with your refund request.

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### **UNDERSTANDING SERVICE CREDIT**

As an active member of the system, you accrued service credit towards retirement. Service credit is a significant benefit aspect because it determines: if you will be entitled to benefits, when you will be eligible to begin receiving benefits and what benefit amount you will receive.

#### **Actual Service Credit/Vesting**

Each month in which you worked at least 80 hours for a participating employer, you accrued one (1) month of service credit. After meeting eligibility requirements, you may have also accrued partial service credit for any month in which you worked less than 80 hours but at least 20. Once you attained five (5) years of service credit, you were vested for benefits.

When you receive a refund, your eligibility for lifetime retirement benefits is affected because you lose the contributory service credit that you earned while you paid the contributions into the system. Please note that if you previously participated in the System under the non-contributory provisions, you will not forfeit your non-contributory service.

#### **Reciprocal Service Credit**

If you leave a position covered by a reciprocal system ("preceding system") and enter a position covered by another reciprocal system ("succeeding system"), you could be entitled to a benefit using the credited service with the preceding reciprocal system plus the credited service in the succeeding system.

A "reciprocal system" means the:

- Arkansas Teacher Retirement System,
- Arkansas State Highway Employees Retirement System,
- Arkansas Public Employees' Retirement System,
- State Police Retirement System,
- Arkansas Judicial Retirement System,
- An alternate retirement plan for colleges, universities, vocational-technical schools, the Department of Higher Education, or the Department of Career Education, or
- Arkansas Local Police and Fire Retirement System

To be eligible for a benefit from a reciprocal system using reciprocity, you must meet the following conditions:

- Have credited service in the preceding system,
- Do not withdraw your accumulated contributions from the preceding reciprocal system, and
- Qualify for age and service retirement in the succeeding system.

When you receive a refund and forfeit your service credit in this system, you may affect your entitlement to a benefit from a reciprocal system.

## DETERMINING YOUR BENEFIT ELIGIBILITY

The System provides three types of benefits: retirement (normal and reduced), disability and death. To be eligible to begin receiving a benefit, you must meet certain age and service requirements.

Type of Benefit	Eligibility Requirement
Retirement	<u>Normal</u> <ul style="list-style-type: none"> <li>• Age 65, or</li> <li>• Any age with 28 years of service</li> </ul> <u>Early/Reduced</u> <ul style="list-style-type: none"> <li>• Age 55, or</li> <li>• Any age with 25 years of service</li> </ul>
Disability	<ul style="list-style-type: none"> <li>• Deemed disabled by the Social Security Administration</li> <li>• Have service in the System for 18 of the 24 months before the disability onset.</li> </ul>
Death	<ul style="list-style-type: none"> <li>• A spouse who was married to the member at least one year immediately preceding the death</li> <li>• A dependent, unmarried child under age 18.</li> <li>• In some cases, a dependent parent.</li> </ul>

## UNDERSTANDING YOUR BENEFITS

When you are eligible to begin receiving benefits, you will receive an annuity (a series of regular payments) that is paid to you each month for your lifetime. The amount of your annuity is based on your final average compensation and your total credited service.

With Normal Retirement and Disability, you receive your full annuity amount. With Reduced Retirement, you receive a reduced annuity amount.

Provided below are estimates of contributory monthly retirement benefit amounts at Normal Retirement. You will find your benefit amount at the intersection of your final average salary and your years of service.

Final Average Salary	Years of Service			
	5	10	15	20
20,000	167	333	500	667
25,000	208	417	625	833
30,000	250	500	750	1000
35,000	292	583	875	1167
40,000	333	667	1000	1333

## FORFEITING YOUR SERVICE CREDIT

Losing your service credit due to a refund can have the following impact on your benefit eligibility or amount:

- **Cause you to no longer be entitled to benefits** – Because you will have less than 5 years of service and no longer be vested,
- **Extend the date you will be eligible to begin receiving benefits** – Because you retained some non-contributory service but must work additional years to become vested again, or
- **Cause you to receive a lower benefit amount** – Because you retained some non-contributory service and remained vested but will receive a benefit based on fewer years of service.

## WITHDRAWING YOUR REFUND REQUEST

If you understand your eligibility for future benefits and want to proceed with your refund request, no action is required on your part. If you decide not to proceed with your refund request, you must submit a written request to the System that we must receive before the refund issue date stated in your confirmation letter.

## REPAYING A REFUND

If you proceed with your refund request but you later become an active member of this system or a reciprocal system, you can repay the refund and re-establish the forfeited service. To qualify to repay your refund, you must be re-employed for 90 days, work at least 80 hours per month, and have three (3) months of current service credit.

The repayment cost is based on your original refund amount plus regular interest compounded from the date of the refund to the date of repayment. If the total due including interest is less than \$500, the repayment must be made in one lump-sum. If the total due is \$500 or more, you can request a partial payment agreement.

## FOR ADDITIONAL INFORMATION

If you have general questions about benefits, you may contact a retirement counselor in our Member Services Section toll-free at 1-800-682-7377 or visit our website at [www.apers.org](http://www.apers.org). For specific questions about your record, submit a written request (including your Social Security number) to us at the address listed below.

Arkansas Public Employees' Retirement System  
 Attn: Retirement Counselor  
 124 W Capitol Ave Ste 400  
 Little Rock AR 72201