

APERS *perspective*

ACTIVE MEMBERS

Winter 2018

The Director's Corner

APERS has achieved several important milestones in recent months that I'd like to share with you. First, the investment portfolio finished the fiscal year with a 12.20% return and record high assets of \$8.1 billion! After two years of rather so-so returns, this strong finish helps our bottom line significantly. No surprise, our domestic and international stock portfolios led the charge to the finish line. With the U.S. presidential election behind us and international markets shaking off fears of the British exit from the European Union, stocks were primed for a particularly strong performance.

The second and perhaps more important milestone has been the cutover to the new APERS pension administration system, COMPASS (**COM**plete **P**ension **A**dministration **S**ystem **S**olution). COMPASS has an Employer Self Service module that now permits electronic reporting and remitting capabilities, allowing member employers to safely and securely transmit employee wage and service credit as well as make required contributions more quickly with less expense. Within ninety days of "go-live" virtually all 700 of our member employers were registered and reporting information via COMPASS. Thank you employers!

COMPASS also has a Member Self Service (MSS) portal where members can enroll and communicate with APERS electronically. Once registered, members can look at their personal history, purchase military or other service, file retirement applications and so on. APERS will undertake a focused rollout of MSS later this year.

The development and timely delivery of COMPASS took over three years and would not have been possible without the incredible persistence and dedication of the APERS development team. I would particularly like to thank Allison Woods, Director of Benefits, Phillip Norton, Director of IT, Jennifer Taylor, Manager of Benefit Services, Shelly George, Supervisor of Employer Reporting, and Jason Willett, Chief Fiscal Officer. Without



them, we could not have accomplished this enormous effort.

Even with so much going on, there was also a regular legislative session that occurred earlier in the year. Effective January 1, 2018, Act 552 again permits those who participate in the Deferred Retirement Option Plan (DROP) to return to public service **once they have fulfilled the separation from service requirements** (six months for regular employees, one year for elected officials).

Also, Act 502 shortens the application period for DROP from two months to just one month prior to the effective date.

Finally, we at APERS would like to thank the members of the Joint Retirement Committee for their support throughout the session. Their hard work and commitment is truly appreciated!



New Board Members Take Their Seats

As a result of ACT 311 of 2017, Governor Hutchinson named three new members to the APERS Board of Trustees. Below is the Board roster as of May 17, 2017:

Mayor David Morris, Chair
Municipal Employee Representative

Mr. Larry Walther, Vice Chair
Ex-Officio, Director of the Department of Finance and Administration

Ms. Carol Bevis
Other Non-State Employee Representative

Ms. Candace Franks*
State Employee Representative

The Honorable David Hudson
County Employee Representative

Mr. Steve Faris*
Retired Employee Representative

Mr. Daryl Bassett*
State Employee Representative

The Honorable Andrea Lea
Ex-Officio, Auditor of State

The Honorable Dennis Milligan
Ex Officio, Treasurer of State

*New Board Member

UPCOMING RETIREMENT SEMINARS

October 6 9:00 am - 11:00 am
November 3 9:00 am - 11:00 am

Note: The listed retirement seminars will be held at State Police Headquarters in Little Rock.

Additional seminars might be scheduled for other dates and locations. For the latest information visit us at www.apers.org/seminars

Are Retirement Benefits Taxable?

Like many APERS members, you may be unsure if your retirement benefits will be taxable. The short answer is yes -- but only after you start receiving those benefits as income. Before you retire, the contributions that you or your employer make to your APERS retirement account are tax deferred, meaning that you do not report them on your tax return or owe taxes on them yet. This makes sense because that money is not available to you as income. However, if a contributory member terminates covered employment and takes a refund of his or her employee contributions, that refund will be taxable as income (employer contributions are not refundable).

Once you retire and begin drawing an APERS retirement annuity, those payments become taxable income. APERS will report them to the IRS, and you must enter them into the proper box on your yearly tax return. From there, IRS regulations and federal law will determine how much tax (if any) you owe on those payments, but it usually comes out about the same as it would if you earned that amount in wages. State laws vary, but Arkansas also classifies your APERS pension as taxable income that must be reported on your state return.

Shortly after the end of each calendar year that you receive benefits, APERS will provide you with a 1099R tax form that lists your taxable retirement income for the year. The 1099R will take the place of the W-2 wage and earnings forms you received while working. Also, at your discretion, APERS will withhold both state and federal taxes from your benefit payments. You can instruct us to stop or start withholding or to change your rate whenever you wish.

| | | |
|----------------------|--------------------|--|
| 1 Gross distribution | OMB No. 1545-0119 | Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. |
| \$ | 2017 | |
| 2a Taxable amount | Form 1099-R | |
| \$ | ??? | |

APERS cannot advise you on matters related to state or federal income tax or your personal finances. The IRS and the state provide numerous resources to help you with your taxes, and you may also want to consult a tax service or financial professional.

Note: Contributions made by members under APERS' original contributory provisions were taxed in the year they were made. Consequently, if those contributions are refunded, they are not subject to additional tax.

Visiting APERS

From time to time, some of you may have reason to pay us a visit here in our Little Rock offices. You may have an appointment with a retirement counselor, you may need to pick up or drop off documents, or you may want to transact some other business with us in person. Whatever the purpose of your visit, we want to make it as convenient a possible for you by providing the following information.

Finding APERS

APERS occupies three floors of the Union Plaza building (formerly Union National Bank) in the heart of downtown Little Rock. The Union Plaza building is located at 124 W. Capitol -- one block west of Main Street at the corner of Louisiana and Capitol. Two of the streets surrounding the building are one-way -- Louisiana (southbound) and 4th Street (eastbound), so if you're not familiar with the area look at your maps and plan your route accordingly.

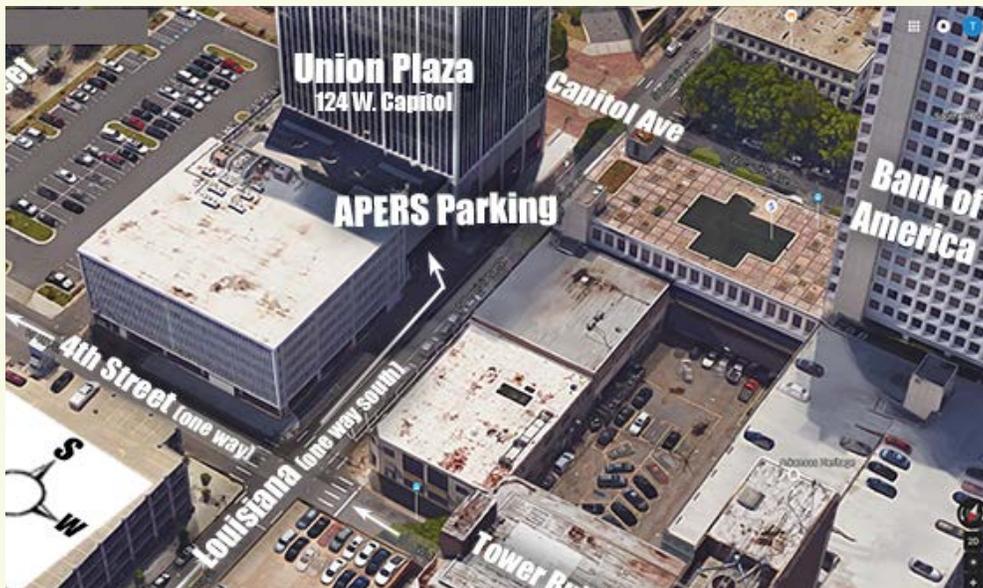
Free Parking!

As pictured below, the Union Plaza building has a parking deck with valet service. The entrance is on Louisiana (one-way southbound). If you are visiting APERS on business, you can park in the deck for free if space is available. When you leave your car, the valet attendants will give you a ticket, and our receptionist will validate it for you before you leave (remember to ask)! If the deck is full, or if you prefer street parking, there are several metered spaces on the streets surrounding the building.

Go to the Fourth Floor.

Visitors to APERS should always report to the **fourth** floor. Our receptionist there will be glad to point you where you need to go.

Contact APERS if you need further directions or other information about a visit to APERS at (501) 682-7800 (Pulaski County) or (800) 682-7377 (toll free).



Note that south is at the top of this photo

FINDING APERS

The entrance to the parking deck is located on Louisiana street.

APERS' reception area is located on the 4th floor.

If you need help or more information contact APERS at:

(501) 682-7800 (Pulaski County) or (800) 682-7377 (toll free).

Upcoming Retirement / DROP Filing Dates

| Retirement or DROP Start Date | Earliest Filing Date | Filing Deadline |
|-------------------------------|----------------------|-----------------|
| October 1 | July 3 | September 1 |
| November 1 | August 3 | October 2 |
| December 1 | September 5 | November 1 |
| January 1, 2018 | October 3 | December 4 |

Note: If a filing deadline date falls during a weekend or on a holiday, the filing deadline becomes the next working day.

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Use APERS' Facebook Page to Stay Informed

Did you know APERS has a Facebook page? This is where you can keep up with the latest news and other useful information such as



- Reminders about important dates and deadlines (like direct deposit dates)
- Notifications and timely announcements
- Links to forms and publications on our website
- Pointers to interesting articles in our blog and on the Internet
- Contact info, maps, and directions to our offices

Connect online with the APERS Facebook today at:

www.facebook.com/Arkansas.PERS

While APERS is always eager to serve you, we cannot interact with members on social media. We welcome your comments, but if you have questions about your account, APERS policies, or anything else, please contact us by phone or postal mail. You'll also find a wealth of information on our website at www.apers.org.

APERS NEWS Volume 14, Issue 1

APERS NEWS is a publication of the Arkansas Public Employees Retirement System (APERS), produced and distributed for APERS members.

APERS EXECUTIVE STAFF

Ms. Gail H. Stone
Executive Director

APERS BOARD OF DIRECTORS

Mr. David Morris
Chair

Ms. Carol Bevis
Ms. Candace Franks
The Honorable David Hudson
Mr. Steve Faris
Mr. Daryl Bassett
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