

## The System

### History

The Arkansas Public Employees' Retirement System (APERS) was created by Act 177 of 1957 to provide retirement benefits for state employees. Through the years, the system added additional public employees including county employees, municipal employees, college and university employees, non-teaching public school employees, and other public, non-state employees. The system currently serves more than 750 public employers.

### Type of Plan

APERS operates a defined benefit plan, with defined contribution options, qualified under section 401(a) of the Internal Revenue Code. The plan offers retirement and disability benefits to members and death benefits to survivors. The benefits from the system are determined by a formula which considers members' compensation and service credit. At retirement, members receive a monthly annuity which is paid to them for their lifetime.

### Administration

The Arkansas Legislature creates laws that govern the system and authorize the APERS Board of Trustees (board) to make decisions on matters not covered by retirement law. The nine-member board meets quarterly to review and discuss issues and set policy. The board employs an executive director to oversee the daily administration of the system.

### Funding

Employers and employees share the cost of funding retirement benefits. Each pay period, both contribute a percentage of the employees' eligible earnings.

**Employer Cost:** Each year actuaries value the system and recommend to the board an employer contribution rate. The board reviews the recommended rate for approval. Effective July 1, 2017 the employer contribution rate will be 14.75%.

**Employee Cost:** Act 2084 of 2005 requires all employees first hired on or after July 1, 2005 to participate under contributory provisions. Per Act 365 of 2011, beginning July 1 2022 the employee contribution rate increases from 5% to 7% in increments of .25% each July first. Employee contributions are withheld before federal and state income taxes are calculated but after Social Security and Medicare taxes are calculated.

## Employer Participation

### Employer Eligibility

As defined in Arkansas Code Annotated § 24-4-101, a "participating public employer" means any:

- Municipality as any incorporated city or town in the state and includes all agencies, offices, departments, and commissions of the city or town.
- Rural waterworks facilities board as created under the Rural Waterworks Facilities Boards Act, § 14-238-101 et seq.,
- Regional airport authority as any regional airport authority created under the Regional Airport Act, § 14-362-101 et seq., which was formed after January 1, 1990.
- Public facilities board as created under the Public Facilities Boards Act, §14-137-101 et seq.,
- Regional solid waste management board as defined under § 8-6-701 et seq.,
- Public water authority under the Water Authority
- Joint county and municipal sanitation authority as created under the Joint County and Municipal Solid Waste Disposal Act, § 14-233-101 et seq.,
- Suburban improvement district under § 14-92-502,
- Regional water distribution board as created under the Regional Water Distribution District Act, § 14-116-101 et seq.,
- Public rehabilitation services corporation under § 4-34-101,
- Local unit of government, other than a public rehabilitative services corporation, created under § 4-34-101,
- County as any county in the state and includes all agencies, offices, departments, boards, commissions, and county-supported institutions that are duly constituted agencies of the county,
- Intergovernmental Juvenile Detention Council of the Tenth Judicial District created by uncodified Acts 1995, No. 899, or
- Regional water distribution board as created
- under The Regional Water Distribution Act, § 14-116-101 et seq.

Any public employer may elect to become a participating public employer and to cover its employees under APERS. Prospective participating APERS employers should complete and submit the attached form so we can review it and determine eligibility.

## Employer Election

Public employers may need the approval of a portion of their employees or governing bodies to join the system. Entities of the following type must certify election results as indicated below:

Public Employers	Election
Rural waterworks facilities boards Public facilities boards Regional solid waste management boards Joint county and municipal sanitation authorities Regional water distribution boards	A majority vote of full-time employees.
Regional airport authorities Suburban improvement boards	A majority vote of the governing body.
Municipalities	A 3/5 vote of its governing body or a majority vote of the qualified voters.

The governing body of the entity or the clerk or recorder of the municipality must certify the vote to the system within ten days after the vote. The effective date of coverage under the system must be either the first day of the calendar month following the system's receipt of the election results or the July 1 following the receipt, as determined by the vote.

**After the effective date of coverage, participating public employers cannot withdraw from the system.**

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## Termination of Other Retirement Plans

It is considered sound public policy to limit contributions by public employers to one state-authorized retirement plan. Accordingly, employers joining the system must cease contributing to any other state-authorized plan that requires contributions by the employer.

## Administrative Responsibilities

After an employer becomes a participating public employer, the system manages most of the plan administration; however, employers have certain recurring responsibilities. When employers join the system, we provide them with all of the materials required to fulfill their responsibilities.

## APERS Responsibilities

- Administer retirement benefits for each eligible member of APERS.
- Provide members with handbooks that contain information about their benefits.
- Inform members of benefit rights and options.
- Update employers and members on legislative changes that affect them.
- Compile and make available to employers a "Comprehensive Annual Financial Report".

## Employer Responsibilities

- Read and distribute informational materials that APERS provides.
- Enroll all eligible members.
- Report members' earnings accurately and timely.
- Inform APERS of employee personal data changes (name changes, address changes, etc.).
- Inform APERS of employer contact or address changes.

## Employee Participation

### Employee Eligibility

All current employees and future employees (elected officials, regular, temporary, or extra help) of an employer that becomes an APERS participating public employer must become members of the system as a condition of continuing in or entering employment. Certain employees are excluded from membership including:

1. Persons employed with the intent of working less than 90 calendar days,
2. Persons who work less than 80 hours per month during a period of 90 consecutive calendar days, and
3. Persons whose rate of pay is less than the federal minimum wage.

All municipal employees may not be eligible for membership in APERS, those who are eligible must be enrolled. In addition, the vote must also indicate if the municipality wants to include for APERS membership any or all of the incumbents occupying the following positions: Mayor, City Clerk, Clerk/Treasurer, Recorder/ Treasurer, and/or City Attorney.

The municipality must certify that for any of these positions to be included in APERS, the incumbent is not participating in a local retirement plan and is not eligible for or receiving a benefit from a local retirement plan as a result of service in current position. The elected mayor and/or city clerk of a first class city may opt out of participating in APERS.

## Concurrent Employment

When employees have concurrent employment with multiple participating employers, we consider the combined working hours to determine if they meet the 80-hour per month exclusion. When determining eligibility for part-time employees, employers should verify if the employees are employed with another APERS-participating employer.

## Police Officers and Firefighters

A municipality which begins participation in the system after July 1, 1981 cannot enroll police officers and firefighters. These positions are covered by Act 364 of 1981 which established the Local Police and Fire Retirement System (LOPFI). For information about covering these positions, contact LOPFI at (501) 682-1745.

## Retirement Service Credit

### Actual Service

As active participants in the system, members accrue service credit towards retirement. For each month in which members render at least 80 hours of service to an employer, they earn one (1) month of retirement service credit. If members render less than 80 hours during a month but work at least 20 hours, they are eligible for partial service credit ranging from one-fourth ( $\frac{1}{4}$ ) of a month to three-fourths ( $\frac{3}{4}$ ) of a month.

## Reciprocal Service

All State of Arkansas-sponsored retirement systems have reciprocal service arrangements. Members who have service in a reciprocal system and establish reciprocity can use their total service in all systems to meet minimum service requirements for benefits (ex: vesting, normal retirement).

Listed below are the State of Arkansas-sponsored systems:

- AR Teacher Retirement System
- AR State Highway Employees Retirement
- AR Judicial Retirement System
- AR State Police Retirement System
- AR Local Police and Fire Retirement System
- An alternate retirement plan for colleges, universities, vocational-technical schools, the Department of Higher Education, or the Department of Career Education (ex: TIAA-CREF, VALIC, Fidelity).

## Purchased Service

**Members Joining with the Employer:**  
Employees who become members on the date their employer becomes a public employer in the system can receive current service credit for their prior employment with the employer by purchasing the service. This service may be purchased by paying the employee contribution, employer contribution, and regular interest on the compensation that would have been paid as a member during that time.

## Current Service Purchase Rates

Listed below are the current rates for service purchases:

Component	Rate
Employee Contributions	5.00%
Employer Contributions	15.32%
Regular Interest	7.15%

## Estimated Cost of Purchased Service

Provided below are estimates of the cost to purchase service. The amounts below reflect the costs for the most recently completed fiscal year of service at the current rates.

Employee Salary	Employer Cost	Employee Cost	Total
\$20,000	\$3,300	\$1,000	\$3,300
\$30,000	\$5,000	\$1,500	\$5,000
\$40,000	\$6,600	\$2,000	\$6,600

*\*These estimates are intended as a planning tool only and do not reflect the actual cost of a purchase. If an employer joins the system, APERS staff can provide an actual cost for each employee.*

The cost of service purchase can be paid by a direct rollover from another qualified retirement plan.

## Eligibility for Benefits

When members attain five years of service, they are vested for (entitled to) benefits. Actual service, reciprocal service, and purchased service count towards the five-year vesting requirement. The system provides three types of benefits: retirement (normal and early), disability, and death. To be eligible for benefits, members and survivors must meet certain age and service requirements. Listed below are the requirements for each type of benefit.

### Normal Retirement:

Age 65 with at least 5 years of service, any age with 28 years of service, or age 60 with 20 years of service (contributory members prior to 07/01/2005).

### Early Retirement:

Age 55 with at least 5 years of service, any age with 25 years of service, or up to 10 years before normal retirement age.

### Disability:

At least 5 years of service, must be deemed totally and permanently disabled by the Social Security Administration, and must have service in APERS for 18 of the 24 months before the disability onset.

### Death:

Spouse may be entitled, if they are married to the member at least the one (1) year immediately preceding the member's death.

Dependent child may be entitled, if they are unmarried and under age eighteen (or under 23 while an unmarried, continuously full-time student at an approved school), or any age while ruled mentally incompetent.

Dependent parent may be entitled, if the member has no spouse or dependent children, and the parent is dependent on the member for at least 50% of his or her financial support.

## Estimated Monthly Benefits at Normal Retirement

Provided below are estimates of monthly retirement benefit amounts at normal retirement. A member's benefit amount can be found at the intersection of the member's years of service and the member's final average salary. The final average salary is the average of the highest annual compensation paid to a member during any five (5) year period of service.

Example: A member who has 10 years of service and a final average salary of \$30,000 will receive approximately \$500 per month.

**Final Average Salary**                      **Years of Service**

	5	10	15	20	25	30
\$20,000	\$167	\$233	\$333	\$400	\$500	\$677
\$25,000	\$208	\$292	\$417	\$500	\$625	\$833
\$30,000	\$250	\$350	\$500	\$600	\$750	\$1,000
\$35,000	\$292	\$408	\$583	\$700	\$875	\$1,167
\$40,000	\$333	\$467	\$667	\$800	\$1,000	\$1,333
\$45,000	\$375	\$750	\$1,125	\$1,500	\$1,875	\$2,250
\$50,000	\$417	\$833	\$1,250	\$1,667	\$2,083	\$2,500

**If you have any questions please contact us.**

## Contact Information

**Arkansas Public  
Employees' Retirement System**

**124 West Capitol, Suite 400  
Little Rock, AR 72201 - 3704**

**Phone (Toll Free): 1-800-682-7377**

**Phone (Local): 501-682-7800**

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