

Proposed Rule Repeal of Obsolete Rule 1 Regarding Repayment of a Refund Executive Summary

DATE: April 22, 2024

PURPOSE: The Arkansas State Police Retirement System (ASPRS) seeks to repeal obsolete ASPRS BOARD RULE 1 – Repayment of a Refund, which only applied when a member took a refund of their contributions and later decided to repay ASPRS for that refund to reestablish service in the system.

BACKGROUND: ASPRS' members prior to January 1, 1978, were contributory members. The contributory requirement ended more than forty-six years ago. A review of ASPRS members found no refunded contributions that could be repaid to ASPRS to reestablish service; therefore, the rule is obsolete.

KEY POINTS: The proposed repeal:

- (1) removes an obsolete rule;
- (2) prevents member confusion with a rule that no longer can be administered; and
- (3) is necessary for the proper administration of benefits.

DISCUSSION: There are currently fourteen (14) inactive ASPRS members that contributed to the ASPRS plan. None of those members who took a refund of their ASPRS service could reestablish service with ASPRS by paying back the refund and receive a monthly benefit. This rule is obsolete because it no longer applies to any ASPRS member and is not necessary for the proper administration of benefits.

RECOMMENDATION: ASPRS recommends that the proposed ASPRS BOARD RULE 1 – Repayment of a Refund, be repealed.

MARK UP – REPEAL

ARKANSAS STATE POLICE RETIREMENT SYSTEM

~~RULE 1 – November 1957 and June 1973 – REPAYMENT OF A REFUND~~

~~When repaying a refund, the member shall pay 6% interest from the date of the refund to the date of the repayment. The interest shall be compounded annually.~~

Proposed Rule Repeal of Obsolete Rule 2 Regarding Termination Refund

DATE: April 22, 2024

PURPOSE: The Arkansas State Police Retirement System (ASPRS) seeks to repeal obsolete ASPRS BOARD RULE 2 – Termination Refund, which applied when a contributory member terminated employment and requested a refund.

BACKGROUND: ASPRS' members prior to January 1, 1978, were contributory members. As contributory members, upon termination of employment the member could request a refund of the member's contribution and forfeit their ASPRS annuity. A review of ASPRS member records found no remaining member contributions to be refunded; therefore, the rule is obsolete.

KEY POINTS: The proposed repeal:

- (1) removes an obsolete rule;
- (2) prevents member confusion with a rule that no longer can be administered; and
- (3) is necessary for the proper administration of benefits.

DISCUSSION: There are currently fourteen (14) inactive ASPRS members that contributed to the ASPRS plan. The contributory requirement for ASPRS members ended January 1, 1978. All contributory members have received a refund. A review of ASPRS member records found no remaining member contributions to be refunded; therefore the rule is obsolete.

RECOMMENDATION: ASPRS recommends that the proposed ASPRS BOARD RULE 2 – Termination Refund, be repealed.

MARK UP – REPEAL

ARKANSAS STATE POLICE RETIREMENT SYSTEM

~~RULE 2 – December 1981 – TERMINATION REFUND~~

~~Interest on contributions refunded to members shall be 3%. No interest shall be credited to a member's account for fiscal years ending prior to July 1, 1959. No interest shall be credited to a member with less than five years of service.~~

Proposed Rule Repeal of Obsolete Rule 5 Regarding Final Average Salary Executive Summary

DATE: April 22, 2024

PURPOSE: The Arkansas State Police Retirement System (ASPRS) seeks to repeal obsolete ASPRS BOARD RULE 5 – Final Average Salary, which only applied to contributory service.

BACKGROUND: ASPRS' members prior to January 1, 1978, were contributory members. The contributory requirement ended more than forty-six years ago. Further, Ark. Code Ann. § 24-6-201(8) defines "final average salary" for contributory service within Tier One; therefore, the rule is obsolete.

KEY POINTS: The proposed repeal:

- (1) removes an obsolete rule;
- (2) prevents member confusion with a rule that no longer can be administered; and
- (3) is necessary for the proper administration of benefits.

DISCUSSION: There is no final average salary to calculate for contributory members since the contributory requirement for ASPRS members ended January 1, 1978. There are no active contributory members of ASPRS, only inactive members that are not eligible for an ASPRS annuity because they did not meet vesting requirements. If an ASPRS member still retains accumulated contributions in their member deposit account and vests, Ark. Code Ann. § 24-6-201(8) defines "final average salary" for contributory service within Tier One and APERS will administer the final average salary accordingly.

RECOMMENDATION: ASPRS recommends that the proposed ASPRS BOARD RULE 5 – Final Average Salary, be repealed.

MARK UP – REPEAL

ARKANSAS STATE POLICE RETIREMENT SYSTEM

~~RULE 5 – March 1975 – FINAL AVERAGE SALARY~~

~~For contributory service, the exact 36 months back from the last date of pay shall be used to compute the final average salary.~~

Proposed Rule Repeal of Obsolete Rule 6 Regarding Definition of Public Safety Executive Summary

DATE: April 22, 2024

PURPOSE: The Arkansas State Police Retirement System (ASPRS) seeks to repeal obsolete ASPRS BOARD RULE 6 – May 1978 – Public Safety, that applied to Tier 1 noncontributory members only. Since Tier 1 closed for ASPRS members hired after April 2, 1997, APERS no longer needs to identify commissioned personnel, so this rule is obsolete and no longer needed for the proper administration of benefits.

BACKGROUND: Arkansas Code § 24-6-201(13) currently defines "public safety member" under ASPRS plan as Tier 1 noncontributory members. Arkansas Code § 24-6-201(21) defines Tier 1 as closed for ASPRS members hired after April 2, 1997. There are currently twelve (12) active Tier 1 noncontributory members whose service is credited as a "public safety member" under Ark. Code Ann. § 24-6-201(13).

KEY POINTS: The proposed repeal:

- (1) removes an obsolete rule;
- (2) prevents member confusion with a rule that no longer can be administered; and
- (3) is necessary for the proper administration of benefits.

DISCUSSION: There are currently twelve (12) active Tier 1 noncontributory members whose service is credited as a "public safety member" under Ark. Code Ann. § 24-6-201(13). The rule's reference to "commissioned personnel" is obsolete since Tier 1 is closed and this rule is no longer needed for the proper administration of benefits.

RECOMMENDATION: ASPRS recommends that the proposed ASPRS BOARD RULE 6 – May 1978 – Public Safety, be repealed.

MARK UP – REPEAL

ARKANSAS STATE POLICE RETIREMENT SYSTEM

~~Rule 6 May 1978 PUBLIC SAFETY~~

~~All commissioned personnel are public safety as referenced in Act 793 of 1973.~~

Proposed Rule Repeal of Obsolete Rule 8 Regarding Retirement Date Executive Summary

DATE: April 22, 2024

PURPOSE: The Arkansas State Police Retirement System (ASPRS) seeks to repeal ASPRS RULE 8 – June 1988 – RETIREMENT DATE because it is obsolete, unnecessary, and inconsistent with current law identifying the retirement date of a member.

BACKGROUND: ASPRS RULE 8 identifies the retirement date of a member as the last day of employment. This rule was promulgated to clarify the administration of a one-time ad hoc increase granted by Act 718 of 1987. This rule also conflicts with Ark. Code Ann. §§ 24-6-212 and 404 that requires the member to state the retirement date on their retirement application, which may or may not be the last day of a member’s employment.

KEY POINTS: This proposed repeal:

- (1) removes a rule that is obsolete and inconsistent with state law;
- (2) prevents member confusion with a rule that no longer applies; and
- (3) is necessary for the proper administration of benefits.

DISCUSSION: Rule 8 was promulgated to clarify which members qualified for a one-time, ad hoc increase granted to certain retired members by Act 718 of 1987. Therefore, this rule no longer applies. Additionally, a member’s retirement benefits can only be administered after the filing of a retirement application. Ark. Code Ann. §§ 24-6-212 and 404, covering Tier 1 and Tier 2 members, state that a member may retire upon written application to ASPRS. The laws specify that the application must be filed and state the member’s desired retirement date, which must be at least thirty (30) days, but no more than ninety (90) days after the execution and filing of the application with ASPRS. The application of Rule 8 may contradict these laws and cause member confusion in planning for the administration of their retirement benefit.

RECOMMENDATION: ASPRS recommends that ASPRS Board “RULE 8 – June 1988 – RETIREMENT DATE” be repealed.

MARK UP – REPEAL

ARKANSAS STATE POLICE RETIREMENT SYSTEM

~~RULE 8 – June 1988 – RETIREMENT DATE~~

~~The date of retirement shall be considered the last date of employment.~~

Proposed Rule Repeal of Obsolete Rule 9 Regarding the Application of Ad Hoc Increases Executive Summary

DATE: April 22, 2024

PURPOSE: The Arkansas State Police Retirement System (ASPRS) seeks to repeal ASPRS RULE 9 – November 1988 – APPLICATION OF AD HOC INCREASES because the rule applied to the administration of a one-time ad hoc increase in benefits and is obsolete.

BACKGROUND: ASPRS RULE 9 was promulgated to address the administration of a one-time ad hoc increase in benefits granted under Act 718 of 1987.

KEY POINTS: This proposed repeal

- (1) removes an obsolete rule promulgated to clarify the administration of a one-time ad hoc benefit increase;
- (2) removes a rule whose provisions would be covered by future legislation granting any ad hoc increase to retirement benefits;
- (3) is no longer necessary for the proper administration of benefits.

DISCUSSION: Rule 9 was promulgated to clarify the administration of a one-time ad hoc increase to retirement benefits granted by Act 718 of 1987. Rule 9 clarified that the ad hoc increase would be added to retirement benefits after the annual post-retirement increase (also known as cost-of-living adjustment or “COLA”) had been applied. In the event future legislation grants an ad hoc increase to retirement benefits, then the law should set forth when to apply the increase so that the system’s actuaries can produce an accurate financial impact statement before the passage of the act. Therefore, the rule is obsolete and no longer needed for the administration of ASPRS benefits.

RECOMMENDATION: ASPRS recommends that ASPRS “RULE 9 – November 1988 – APPLICATION OF AD HOC INCREASES” be repealed.

MARK UP – REPEAL

ARKANSAS STATE POLICE RETIREMENT SYSTEM

~~RULE 9 – November 1988 – APPLICATION OF AD-HOC INCREASES~~

~~Absent specific direction in the law, ad hoc increases will be computed after applying costs of living increases.~~