

# APERS

ARKANSAS PUBLIC  
EMPLOYEES' RETIREMENT SYSTEM

Member Handbook

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## How to contact APERS

Business hours are from 8:00 a.m. to 5:00 p.m. Monday - Friday.

Call hours from 8:00 a.m. to 4:30 p.m. Monday - Friday.

### Website

[www.apers.org](http://www.apers.org)

### Mailing Address

APERS  
124 West Capitol Ave, Suite 400  
Little Rock, AR 72201

### Telephone

(501) 682-7800  
(800) 682-7377

### Office Location

124 West Capitol Ave, Suite 400  
Little Rock, AR 72201

*\*When you submit any written correspondence to the system, please include your full name, both printed and signed, your member ID number, and your complete mailing address.*

### Mission

To deliver secure retirement benefits and exceptional service to our members.

### Core Values



### Social Media



<https://www.facebook.com/Arkansas.PERS>



<https://www.twitter.com/ArkansasPERS>

# About the System

ABOUT

APERS  
ARKANSAS PUBLIC  
EMPLOYEES' RETIREMENT SYSTEM

A stylized graphic element consisting of a curved, leaf-like shape in shades of green and yellow, positioned to the right of the APERS text.

## **ABOUT THE SYSTEM**

### **The System**

Name of Plan: The Arkansas Public Employees' Retirement System (APERS)

Type of Plan: APERS is a governmental defined benefit plan, qualified under Section 401(a) of the Internal Revenue Code.

Funding: Members of APERS first hired on or after July 1, 2005, contribute a portion of their pre-tax salary to the system. Participating employers contribute a rate that is established by the APERS Board of Trustees. Monies received are invested by the system to pay future benefits to members, beneficiaries, and survivors.

Plan Year: The plan year is July 1 through June 30.

Employment Rights Not Implied: Membership in APERS does not give you the right to be retained in the employ of a participating employer, nor does it give you the right or claim to any benefit that you have not accrued under the system.

### **Board of Trustees**

#### *Make-up of the Board*

The Board of Trustees consists of the following positions:

1. Ex-officio members: Auditor of State, Treasurer of State, Secretary of the Department of Finance and Administration, Security of the Department of Shared Administrative Services, Commissioner of Arkansas State Bank Department,
2. Three members who are state employees, appointed by the Governor,
3. Three members who are nonstate employees, appointed by the Governor, with at least one being a currently elected county judge and at least one being a mayor,
4. Two retirees, appointed by the President Pro Tempore of the Senate, with one a retired law enforcement officer who is not a retiree of the Arkansas State Police Retirement System,
5. Two retirees, appointed by the Speaker of the House of Representatives, with one a retired law enforcement officer who is not a retiree of the Arkansas State Police Retirement System.

### **Current Board Members**

Secretary Jim Hudson, Chair, Department of Finance and Administration

Ms. Susannah Marshall, Vice Chair, Commissioner, Arkansas State Bank Department

Secretary Daryl Bassett, Appointed by the Governor

The Honorable John Thurston, Treasurer of State

Mr. Gary Carnahan, City Employee, Appointed by the Governor

Mr. Dale Douthit, State Employee, Appointed by the Governor

Mr. Larry Walther, Retiree, Appointed by the Governor

Mayor Joe Hurst, County Employee, Appointed by the Governor

The Honorable Dennis Milligan, Auditor of State

Judge Barry Moehring, County Employee, Appointed by the Governor

Mr. Gary Wallace, Retired Law Enforcement, Appointed by the Senate President Pro Tempore

Russell White, Retired Law Enforcement, Appointed by the Speaker of the House

Mr. Richard Wilson, Retiree, Appointed by the Senate President Pro Tempore

Secretary Leslie Fiskens, Department of Shared Administrative Services

Mr. Bill Gossage, Retiree, Appointed by the Speaker of the House

### *Powers and Duties*

The Board of Trustees (Board) will hold meetings regularly, at least one per quarter. Special meetings may be held in accordance with rules as adopted by the board.

The Board will:

- Make all rules in the transaction of its business and in administering the Arkansas Public Employees' Retirement System (APERS).
- Provide management and administrative oversight to the Executive Director and staff, as needed.
- Provide for an actuarial valuation as may be deemed necessary by the Board.
- Exercise discretionary power and authority in the investments and disbursements of the funds of the system.
- Adopt such tables of experience (mortality), and rates of interest, as required for the proper operation of the system.
- Perform the duties of trustee without additional compensation, but may receive expense reimbursement.
- Ensure the proper administration of the system and execution of the provisions of applicable law.

### **Determination Process**

The system staff must administer the retirement plan according to the applicable laws and rules that govern the system. Sometimes staff must inform members, survivors, or beneficiaries that they are not eligible to receive benefits or to receive the benefit amount they desire. In these cases, staff will provide members with a written notice that states the reason for that decision.

If you, as a member disagree with a decision, you can request an additional review. The system has a three-level determination process for resolution:

1. Reconsideration by Staff/Staff Determination
2. Executive Director Determination
3. Board Administrative Appeal

### *Reconsideration by Staff*

If you, as a member disagree with the staff determination, you can submit a request for reconsideration describing the reason(s) you disagree. Management of the Benefits Administration division will reconsider the initial determination. You must submit a written request no later than 30 days from the date you receive the initial determination.

### *Executive Director Determination*

If the staff upholds the initial determination, you can submit a request to the Executive Director for a determination. You must submit a written request for a determination no later than 30 days from the date you receive the reconsideration determination.

### *Board Appeal*

If the Executive Director upholds the Management of Benefits Administration's determination, you can submit an administrative appeal to the Board. You must submit this appeal no later than 30 calendar days from the date they receive written notice of the Executive Director's determination. For an administrative appeal to the Board, members must submit evidence and a list of proposed witnesses no later than ten business days before the date set for the appeal hearing.

For complete details on administrative appeals, see board rule 105.

### **Disclosure of Information**

Member information which is compiled for the purpose of providing retirement benefits cannot be disclosed to anyone other than you or your authorized representative. You may designate another person to receive information by submitting power of attorney documentation or a signed, notarized statement directing us to release your information to another person.

### **Penalty**

**In addition to any other felony prosecution and penalties under Arkansas law, a person who knowingly makes a material false statement or who materially falsifies or permits to be materially falsified any record in an attempt to defraud APERS as the result of such an act upon conviction is guilty of a Class D felony.**

### **Disclaimer**

**This handbook includes general information about APERS programs and benefits and does not represent or include every law and/or rule that governs APERS. In the event of a conflict or ambiguity with Arkansas law or administrative rules, the law and rules will govern.** APERS laws and policies affecting members are subject to change from time to time. The Arkansas General Assembly, U. S. Congress, federal agencies, and the APERS Board of Trustees may change how benefits are calculated and affect other rights of members. Any benefit projection or information provided by APERS is subject to future law or policy, as applicable. Prior versions of the APERS handbook cannot be relied upon for the same reasons. It is each member's responsibility to confirm their benefit options directly with APERS, the administrator of APERS. **Federal law and policy, state law and policy, APERS records and documents, and accurate data always govern the final determination of member's benefits and rights. An error by APERS does not create any common law rights on behalf of the member. Member's rights are solely governed by the rights set forth in law and policy applicable to APERS.**

# Membership



MEMBERSHIP



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## **MEMBERSHIP**

### **Membership as a Condition to Employment**

Membership in APERS is required as a condition of employment if you are:

- Hired by an APERS-participating employer with the intent of working at least 90 consecutive calendar days,
- Working at least 80 hours per month,
- Earning at least the federal minimum wage.

When an individual is no longer employed in a position covered by APERS, or begins receiving retirement benefits, the individual is no longer a member of the system and therefore stops accruing credit as an active member of the system. If the individual becomes reemployed in a position covered by APERS, that individual will become a member again. Retirees will not become members of the system again.

### **Concurrent Membership**

If you work at the same time for two or more employers that are covered by different state-sponsored retirement systems, you cannot be a member of both APERS and another system. Exceptions include:

- Members of the General Assembly,
- Volunteer firefighters and volunteer police officers,
- Persons who have dual full-time employment in separate positions covered by APERS and the Arkansas Local Police and Fire Retirement System (LOPFI).

If you are employed in two or more positions covered by APERS and meet the eligibility requirements, you must be reported by both employers to APERS.

### **Erroneous Enrollment**

If you were erroneously enrolled in a state retirement system, you may elect to remain a member of the retirement system of record or you may become a member of the eligible retirement system.

### **Employee Contributions**

As a condition of employment, members of APERS first hired on or after July 1, 2005, contribute a portion of their pre-tax salary to the system, gradually increasing to .25% each July 1 until reaching 7% on July 1, 2029). The contributions are deducted from your earnings by your employer to pay for your retirement.

These contributions will remain on deposit in your name unless you leave your job and receive a refund of your contributions. These contributions are invested by professional investment firms hired by the Board of Trustees.

### **Employer Contributions**

Your employer pays retirement contributions equal to a certain percentage of your earnings each month. This rate is subject to change by the APERS Board of Trustees. These contributions fund retirement benefits generally, and you are not entitled to receive these contributions.

Service



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## SERVICE

### *Actual Service*

Actual service is earned at the rate of one month per month worked. To qualify for a month of credit, you must work 80 hours in that month. If you earn 11 months in a fiscal year (July 1 through June 30), you will receive credit for the full 12 months. The more you earn in service credit, the greater your benefit will be.

After you have established eligibility to participate in APERS, if you work less than 80 hours in a month, you can receive partial service credit.

Hours	Credit
80 or more	1 month Service Credit
60-79	$\frac{3}{4}$ month Service Credit
40-59	$\frac{1}{2}$ month Service Credit
20-39	$\frac{1}{4}$ month Service Credit
Less than 20	No Service Credit

### *Enhanced Service Credit*

If you are serving as a municipal or county elected official, such as a county judge, county clerk, city mayor, or city treasurer, you are eligible to receive enhanced service credit. Elected official credit is earned at the rate of two months per month worked. Contributory members may receive a maximum of 10 years enhanced credit. After 10 years worked (20 years credited), service credit will be earned at the rate of one month per month worked.

Non-contributory officials first elected on or after July 1, 2011, must contribute 2.5% of their earnings. Contributory officials first elected on or after January 1, 2014, must contribute an additional 2.5% of their earnings. In both cases, the employer must also contribute an additional 2.5% of employer contributions.

Enhanced Service Credit does not eliminate the requirement to meet all retirement eligibility criteria for full benefits, including having five years of actual service.

### *Uniformed Services Employment and Reemployment Rights Act (USERRA)*

An active member of APERS called to active military duty or state active military duty will be afforded all employment protections as provided in USERRA. Employer contributions will be paid for the period of active military duty by your last APERS employer for whom you worked immediately prior to your active duty. To receive retirement credit, contributory members must pay the employee contributions that would have otherwise been paid into APERS as though you had never left covered service.

## *Heroes Earnings Assistance and Relief Tax Act of 2008*

If a member is not able to resume employment after being called to active military duty or state active military duty due to death or disability, this act allows a survivor or you to receive benefits even though you were not able to return to work as required under USERRA.

### **Purchased Service**

A service credit purchase is a means to add service to your record apart from your regular employment. Each type of service credit purchase has its own eligibility requirements. Purchasing service credit increases the amount of your retirement annuity by increasing the amount of service on your account.

#### *Active-Duty Service*

A member may purchase up to five years (60 months) of active-duty service rendered in the United States armed forces. To purchase active-duty service, you must:

- Have already earned five years of service credit.
- Have received an honorable discharge.
- Not have purchased the same service with another Arkansas retirement plan.

For the first three years of purchased service, the purchase amount will be based on your monthly contributions and the employer contribution rate at the time you first became a member of the system. For the fourth and fifth year, the purchase amount will be based on your salary at the time you became a member of the system and the employer contributions in effect when you first became eligible to purchase the service. You will not be charged interest if the service is purchased within six months after having obtained five years of actual service. Otherwise, 6% interest will be charged on the purchase.

#### *National Guard / Armed Forces Reserve Service*

A member may purchase up to five years (60 months) of National Guard or armed forces reserve service. To purchase this type of service, you must:

- Be an active member of APERS on the date of the purchase.
- Have at least five years of actual service credit.
- Furnish proof of service, such as a Retirement Points Summary (for reserves) or NGB Form 22 (for National Guard).

The cost for this purchase will be the employee and employer contributions based on the greater of the annual salary for the first full year of credited service that precedes the fiscal year in which the service is purchased or the average of the three highest annual salaries at the time of purchase. Interest will be due from the end of the year of credited service to the date of payment in full.

#### *Federal Governmental Service*

A member may purchase up to five years (60 months) of federal governmental service. To purchase this type of service, you must have five years of actual service credit and must not be receiving or be eligible for benefits from the federal system. The cost to purchase this service is the actuarial present value of the credited service for which you apply. The exact cost is computed upon request.

### *Out-of-State Governmental Service*

A member may purchase up to five years (60 months) of out-of-state governmental service. To purchase this type of service, you must have five years of actual service credit and must not be receiving or be eligible for benefits from the out-of-state system. You must also show that the out-of-state employment would have been covered by a state retirement system if the work had been in Arkansas. The cost to purchase this service is the actuarial present value of the credited service for which you apply. The exact cost is computed upon request.

### *Public Employer Service*

A member may purchase prior service with a public employer after their employer joins APERS. The cost to purchase is what would have been owed in employee and employer contributions, if you had been a member of the system, plus interest.

### *Other Purchased Credited Service*

#### *Educational Leave*

A member may purchase up to 12 months of educational leave credit. To purchase this type of service, you must:

- Have at least 10 years of actual service in the system.
- Have received a stipend for the period of educational leave.
- Have had service before and for at least two years after the period of educational leave.

You must pay the employee and employer contributions that would have otherwise been paid, plus interest.

#### *Workers' Compensation*

A member may purchase service lost due to a work-related injury for which they received workers' compensation benefits. To purchase this type of credit, you must pay all employee and employer contributions that would have otherwise been paid for the period of workers' compensation, plus interest.

#### *State Service Under a Federal Grant*

A member may purchase up to three years (36 months) of service rendered to any state agency while detailed or assigned to the agency under the terms of a federal grant agreement between an agency of the federal government and a state agency in which the member performs services for the state but is paid from federal grant funds. To purchase this type of credit, you must have at least 10 years of actual service in the system and must pay the employee and employer contributions that would have otherwise been paid, plus interest.

#### *Sheriff Service Prior to July 28, 1995*

An APERS member who is a sheriff or former sheriff may purchase his or her time as an elected sheriff prior to July 28, 1995. To purchase this service, the member must pay the employee and employer contributions that would have otherwise been paid, plus interest.

### **Reciprocal Service**

Reciprocal service is actual service credit in two or more recognized state retirement systems. Reciprocal service is mainly used to reach eligibility to retire, but each system determines how to calculate your monthly benefit under its system.

Your service does not move from one system to another. Service remains in the system in which it is earned. When you retire, you will apply to receive benefits from each retirement system.

### *Types of Reciprocity*

Reciprocity is classified as either “true” or “limited.” True reciprocity means that we will recognize the actual service among the reciprocal systems to calculate your benefit. Reciprocal systems may, but are not required to, use the highest Final Average Compensation (FAC) between systems. You will need to contact each system that you have service with to determine benefit calculations for each system. For limited reciprocity, we will recognize the service only.

### *True Reciprocal Systems*

Arkansas Public Employees’ Retirement System (APERS), Arkansas Teacher Retirement System (ATRS), Arkansas State Highway Employees Retirement System (ASHERS), Arkansas State Police Retirement System (ASPRS), Arkansas District Judges Retirement System (ADJRS), and Arkansas Local Police and Fire Retirement System (LOPFI) are systems recognized under “true” reciprocity.

### *Limited Reciprocal Systems*

“Limited” reciprocity applies to the Arkansas Judicial Retirement System (AJRS) and Arkansas colleges and universities with plans administered by TIAA, VALIC, and/or Fidelity.

### *How to Establish Reciprocity*

To establish reciprocity, contact APERS, and we will provide you with the necessary form. After you sign the form, you will forward it to the reciprocal system. After all systems have completed their portion of the form, a copy will be returned to you.

### *Withdrawal of Employee Contributions/Forfeiture of Reciprocity*

If you withdraw your employee contributions from a reciprocal system, you will forfeit reciprocity for the service associated with those contributions. A withdrawal includes a refund paid to you or a partial or complete withdrawal of funds, including a rollover to another retirement plan.

You may be eligible to reestablish reciprocity by repaying withdrawn funds according to the law pertaining to the reciprocal system. Each system has its own rules for repaying withdrawn funds. Also, in the case of reciprocity involving an alternate retirement plan such as TIAA, VALIC, and/or Fidelity, if you have an outstanding loan, we will not be able to recognize reciprocity until the loan is fully repaid.

**Example:** John Doe participated in the TIAA retirement plan while employed at the University of Arkansas-Fayetteville from January 2021 through June 2023. In July 2023, he became a member of the Arkansas Public Employees' Retirement System. In August 2023, he completed a rollover of his funds invested with TIAA to another retirement plan. In January 2024, he inquired about linking his APERS service with his service at UA-Fayetteville. Because he had withdrawn funds from the TIAA account, APERS explained that he could not establish reciprocity. John's state service total for retirement purposes was seven months for July 2023-January 2024.

**Example:** Jane Doe was a member of the Arkansas Teacher Retirement System from July 2015-June 2020, earning five years of service credit. In August 2020, she took a refund of contributions. In January 2021, Jane became a member of the Arkansas Public Employees' Retirement System. In July 2021, she inquired about combining her service from ATRS. APERS explained that she could not establish reciprocity because she had withdrawn her contributions from ATRS. Jane's state service total for retirement purposes was six months for January-July 2021 with APERS.

# Retirement



RETIREMENT

# APERS

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## RETIREMENT

### Eligibility for Benefits

A member can voluntarily retire when the member meets certain age and service requirements.

### Retirement Types

#### *Normal Retirement*

A member is eligible to receive normal (unreduced) retirement at:

1. Age 65 with five years of actual service.
2. Age 55 with 35 years of credited service. (members with enhanced service credit)
3. Any age with 28 years of actual service.

If you decide to work beyond 28 years, there will be an additional calculation for each additional month of service credit beyond 28 years, using a multiplier of 0.5%. This will be a permanent addition to your benefits.

#### *Early Retirement*

A member is eligible to receive early (reduced) retirement at:

1. Age 55 with five years of actual service.
2. Any age with at least 25 years of actual service.
3. Within 10 years of normal retirement. (members with enhanced service credit)

The reduction for early retirement is taken from either age 65 or 28 years of service—whichever reduction is less. If 28 years is used, the reduction is 1% for each month away from 28 years of service. If age 65 is used, the reduction is 0.5% for each month away from age 65.

#### *Disability Retirement*

If you have at least five years of actual service (10 years for members of the General Assembly) and become totally and permanently physically or mentally incapacitated for any suitable job or position as an employee as a result of personal injury or disease, you may apply for disability benefits. To qualify for disability with APERS, you must be approved for Social Security Disability benefits and submit your SSA notice of award letter, which includes your onset date. You must have actual service in 18 of the 24 months immediately preceding the disability onset date. If you do not meet the service requirement but have actual service in at least one of the 24 months immediately preceding the disability onset date, you are eligible to appeal to the APERS Board of Trustees.

If approved for disability, benefits will be calculated without a reduction for age or service. Benefits will begin on the first day of the month following APERS approval of a disability application. Benefits are not retroactive.

If you qualify for early retirement, you may choose to receive early retirement benefits while your disability application is pending.

Disability retirees may not return to work for an APERS-covered employer without jeopardizing disability benefits. However, a disability retiree can work for a private employer, as long as they do not exceed the Social Security monthly limitation for substantially gainful employment.

## Termination Required for Retirement

A member must terminate employment to retire. As defined by Act 40 of 2011, terminate, as it applies to eligibility for retirement under APERS, means: (A) The member's employment has ended; (B) A complete severance of the employer-employee relationship has occurred; and (C) The member has ceased performing any services for the employer, except for non-compensated functions related to the transfer of the duties or the transfer of the position itself.

If a member is an elected public official, terminate means: (A) The member has resigned, been removed, or otherwise no longer holds the elected position; (B) A complete severance from the elected position has occurred; and (C) The member has ceased performing any services for the employer, except for non-compensated functions related to the transfer of the duties or the transfer of the position itself.

Terminate does not mean taking a leave of absence, performing job duties or services without remuneration, or receiving or accruing additional employment related compensation, reimbursements, benefits, or other emoluments.

Returning to APERS covered employment after retirement could jeopardize your benefits. Members are required to have a 180-day minimum break in service before returning to employment covered by APERS. Additionally, if you have any service credited at a rate of two, or more, years for one, the required break in service is one year. Contact our office if you are considering a return to APERS covered employment during your retirement.

When retirees fail to meet termination requirements, they lose their benefits. They cannot begin receiving annuity payments again until they satisfy all requirements for terminating.

**Example:** A retiree's effective date of retirement is January 1. That member returns to covered employment under the system a few months later on April 1. This member violated the termination requirement. The system stopped annuity payments in addition to requesting repayment of the payments the member received since January 1.

The member terminates employment again on April 15. The system resumes paying the member on May 1, and the effective date of retirement remains January 1. This member did not receive any payments for January through April.

## Pre-retirement Death Benefits

If a vested member (a member with a minimum of five years of active service, 10 years for members with only General Assembly service) dies before retirement, survivor benefits may be payable to eligible survivors. All survivor benefits are effective the first of the month following the member's death.

### *Surviving Spouse*

To be eligible, your spouse must have been married to you for at least six months prior to your death. Your spouse's benefit will be the greater of Option B75 (explained in the retirement options section) or 10% of the member's APERS-covered compensation.

If you had 20 years of actual service or met the service and age requirements for full age retirement, the surviving spouse annuity is payable until death. If you had fewer than 20 years of actual service, the surviving spouse annuity is payable until death or remarriage. Even after remarriage, if the surviving spouse still has any of your dependent children in their care, the annuity will continue if any dependent children are still receiving benefits.

### *Surviving Children*

A child is considered a dependent child until his or her death, marriage, or reaching age 23, whichever comes first. However, in no event will benefits be paid beyond reaching age 23. The age 23 maximum will also be extended for any child who has been deemed physically or mentally incompetent by an Arkansas court of competent jurisdiction or by the Board of Trustees of the Arkansas Public Employees' Retirement System for as long as such incompetence exists.

If you die and have:

1. One or two dependent children—each child will receive an annuity of the greater of:
  - a. 10% of your APERS-covered compensation at the time of death.
  - b. An equal share of \$150 monthly.
2. Three or more dependent children—each child will receive an equal share of the greater of:
  - a. 25% of your APERS-covered compensation at the time of death.
  - b. An equal share of \$150 monthly.

When a child ceases being a dependent child, the child's benefits will terminate, and there will be a re-determination of the amounts payable to any remaining dependent children.


### *Dependent Parents*

If at the time of your death there is neither a surviving spouse nor surviving children, a dependent parent may be eligible for benefits. To be eligible, a parent must have been claimed as a dependent for tax purposes for the previous tax year.

Dependent parent benefits will be the greater of:

1. 10% of the member's APERS-covered compensation at the time of death.
2. An equal share of \$150 monthly.

# Benefits



**BENEFITS**

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## BENEFITS

### Benefit Formula

APERS calculates benefits using a 3-part formula:

## APERS Benefit Formula

*Final Average Compensation (FAC) x  
Plan Multiplier (2.00%) x Years of Credited*

<b>Example:</b>	\$46,227
	x 2.00%
	x <u>18 years</u>
	<b>\$16,642 annually or</b>
	<b>\$1,387 monthly</b>

The plan multiplier may vary depending on when the service is earned. Non-contributory service rendered June 30, 2007, and prior has a multiplier of 1.75%, and non-contributory service rendered July 1, 2007, and later has a multiplier of 1.72%. Contributory service rendered from July 1, 2005, through June 30, 2007, has a multiplier of 2.03%, and contributory service rendered July 1, 2007, and later has a multiplier of 2.0%. The benefit may also be reduced by age (if you apply for early retirement) or for the annuity option chosen.

#### *Final Average Compensation*

If a member was first employed by an APERS-participating employer prior to July 1, 2022, final average compensation (FAC) is the average of the highest three fiscal years.

If a member was first employed by an APERS-participating employer on or after July 1, 2022, final average compensation (FAC) is the average of the highest five fiscal years.

#### **Annuity Options**

At the time that a member retires, you have certain annuity options available. You must choose one of the options when filing an application for retirement. The choice of option made when entering retirement cannot be changed without a life event occurring, such as a divorce or death of a beneficiary.

#### *Straight Life*

Under the straight life option, a monthly annuity is paid for the retiree's lifetime. There is no provision for a monthly beneficiary annuity. Upon the retiree's death, the member contributions beneficiary, as indicated by our records, will receive in a lump sum any balance of member contributions not paid to the retiree in the form of monthly annuity payments. However, if the retiree dies within 12 months of the effective date of retirement, an Option B75 (explained below) annuity may be payable to the surviving spouse.

### *Option A60*

Under Option A60, a monthly annuity is paid for your lifetime. The amount of the annuity is 98% of the computed straight life annuity. If you die before having received 60 monthly payments, your beneficiary is entitled to the same annuity for the balance of the 60 months.

**Example:** Your straight life annuity is \$1,000 per month, but you elect Option A60 and name a friend as your beneficiary. You will receive \$980 per month for your lifetime. If you die after you have received 240 monthly payments, there will be no benefit for a beneficiary because at least 60 payments have been made.

### *Option A120*

Under Option A120, a monthly annuity is paid for your lifetime. The amount of the annuity is 94% of the computed straight life annuity. If you die before having received 120 monthly payments, your beneficiary is entitled to the same annuity for the balance of the 120 months.

**Example:** Your straight life annuity is \$1,000 per month, but you elect Option A120 and name your adult son as your beneficiary. You will receive \$940 per month for your lifetime. If you die after you have received only 20 monthly payments, your son will receive the same amount you were being paid for the remaining 100 payments.

### *Option B50*

Under Option B50, a monthly annuity is paid for your lifetime. The amount of the annuity is 88% of the computed straight life annuity (adjusted upward or downward for the difference in age between you and your beneficiary). Upon your death, your beneficiary will receive 50% of your annuity for his or her lifetime.

The monthly benefit is adjusted by 0.5% for each year difference in age between you and your beneficiary. If your beneficiary is older, the monthly annuity increases (the maximum is 95% of the straight life annuity), and if your beneficiary is younger, the monthly annuity decreases.

**Example:** Your straight life annuity is \$1,000 per month. You elect Option B50 and name your spouse, who is two years younger, as your beneficiary. You are entitled to 87% (88% minus 1% for two years' difference in age) of your straight life amount. You will receive \$870 per month for your lifetime, and upon your death, your spouse will receive 50% of that amount for his or her lifetime.

#### *Option B75*

Under Option B75, a monthly annuity is paid for your lifetime. The amount of the annuity is 83% of the computed straight life annuity (adjusted upward or downward for the difference in age between you and your beneficiary). Upon your death, your beneficiary will receive 75% of your annuity for his or her lifetime.

The monthly benefit is adjusted by 0.7% for each year difference in age between you and your beneficiary. If your beneficiary is older, the monthly annuity increases (the maximum is 90% of the straight life annuity), and if your beneficiary is younger, the monthly annuity decreases.

**Example:** Your straight life annuity is \$1,000 per month. You elect Option B75 and name your spouse, who is four years older, as your beneficiary. You are entitled to 85.8% (83% plus 2.8% for the four years' difference in age) of your straight life amount. You will receive \$858 per month for your lifetime, and upon your death, your spouse will receive 75% of that amount for his or her lifetime.

#### *Eligibility for Options*

For the A options, you may choose any beneficiary or beneficiaries. For the B options, you must choose either a spouse to whom you have been married for at least six months or a dependent child 40 years of age or older claimed as a dependent on the previous year's tax return.

## **Option Changes**

If you choose straight life, Option A60, or Option A120 then marry after retirement, you may request to change your annuity option to Option B50 or Option B75 starting six months after your marriage date and ending 12 months after your marriage date. If you elected Option B50 or Option B75, and your spouse dies, or you get a divorce, you may request to change your annuity option to straight life, Option A60, or Option A120.

## **Partial Annuity Withdrawal**

The Partial Annuity Withdrawal (PAW) is a retirement option that allows a member who works beyond the date you were eligible for an unreduced benefit to take a lump sum distribution of up to 60 months of your retirement benefit. The monthly lifetime annuity is reduced by an actuarial factor tied to your age at retirement.

The total number of months you may elect for PAW depends on how many full months (partial credit months do not count) you work beyond the date of eligibility for an unreduced benefit, with a maximum of 60 months. The choice to elect a PAW distribution is made when you complete your retirement application.

## **Refund of Contributions**

A member may request a refund of member (employee) contributions 30 days after terminating all covered employment. The refund will not include contributions made by any employers but will include accrued interest on your employee contributions. If you receive a refund, you forfeit your retirement benefit.

## **Repayment of Refund**

If a member received a refund from APERS and returns to work for an APERS employer or an employer in a reciprocal system, you can repay the refund and re-establish the credited service. To complete this repayment, you must pay into your account the amount withdrawn, plus regular interest until the date repaid. You must be re-employed for a period of 90 days and have worked at least 80 hours per month and have three months service credit before the refund can be repaid.

## **Applying for Benefits**

A member must apply for retirement benefits before receiving annuity payments. You can apply via the myAPERS portal or may contact APERS to request a paper application. Paper applications may be submitted by postal or courier delivery or in person. APERS does not accept faxed applications. An application must be on file not more than 90 days, and not less than 30 days, prior to the effective date of retirement. Benefits are payable on the first day of the month unless the first falls on a weekend or holiday. In such cases, benefits will be paid the following business day. You alone are responsible for ensuring that the necessary documentation is received by APERS.

## **Proof of Age**

As part of the retirement application process, you must submit proof of age for yourself (and for any Option B50 or Option B75 beneficiaries). APERS can accept the documents below as proof of age.

One of the following documents:

- Birth certificate issued at date of birth
- Birth certificate issued at any date before age five
- Baptismal or other church records issued before age five

- Social Security Administration (SSA) document, other than an application for a Social Security number, that states age or date of birth recognized by SSA
- A valid United States passport
- A valid Arkansas Enhanced Security Driver's License

OR

Any combination of two of the following documents, showing the date of birth, that agree:

- Marriage license which shows age or date of birth
- Insurance policy issued at least 10 years prior to the current date
- Records from family Bible
- Military discharge
- Child's birth certificate
- Application for Social Security number
- Birth certificate issued at date when the person was older than age five, when certified by the appropriate agency

### **Minimum Benefit**

For a member with at least five years of actual service in APERS (excluding reciprocity), the minimum unreduced straight life benefit is \$150 per month. This amount is prior to any reductions for early retirement or annuity options. If the benefit is less than \$150 per month, you can request that APERS pay you the reserve value of your annuity as a lump sum payment.

### **Maximum Benefit Limitations**

State and federal laws limit the amount of your annual benefit. Under APERS, your initial retirement benefit may not exceed 100% of your final average compensation. However, this restriction does not apply to supplemental retirement benefits like deferred compensation or to pension increases resulting from cost-of-living adjustments (COLAs), nor does it apply to benefits accruing under the DROP.

### **Cancellation of Retirement**

You may cancel your retirement by notifying us in writing before your effective date. After the effective date, you may cancel your retirement by notifying us in writing and returning the benefit payment on or before the 15<sup>th</sup> calendar day of the month for which you received your first benefit payment. If you do not cancel your retirement within these guidelines, your retirement is irrevocable.

### **Redetermination of Benefits or Cost of Living Adjustment (COLA)**

Every July 1, APERS retirees first hired prior to July 1, 2022, who have been retired for at least 12 months, receive a 3% Cost of Living Adjustment (COLA). This COLA also applies to those who have been participating in the Deferred Retirement Option Plan (DROP) for at least 12 months.

If a retiree was first hired by an APERS-participating employer after July 1, 2022, the COLA amount will be the lesser of 3% or the percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) as determined by the United States Department of Labor over the one-year period ending in the December immediately preceding the redetermination.

# Deferred Retirement Option Plan (DROP)



**APERS**  
ARKANSAS PUBLIC  
EMPLOYEES' RETIREMENT SYSTEM

## **DEFERRED RETIREMENT OPTION PLAN (DROP)**

The Deferred Retirement Option Plan (DROP) is a plan that allows members to retire and begin accumulating a percentage of their retirement benefits, without terminating employment, for up to 120 months from the date of DROP entry. While members are participating in the DROP, monthly retirement benefits accrue in a DROP account, earning tax-deferred interest while DROP participants continue to work. You do not earn any additional service credit after entering the DROP. Compensation increases received after entering the DROP do not factor into the benefit calculation. When the DROP period ends, participants must terminate all covered employment with APERS employers.

At the time participants exit the DROP, they will receive payment of the accumulated DROP benefits and will begin receiving their monthly retirement annuity (plus any cost-of-living increases received while in the DROP).

### **DROP Eligibility**

To participate in the DROP, a member must have 28 years of actual service, which can include service through reciprocity.

### **DROP Benefits**

A DROP participant with exactly 28 years of actual service will receive 63% of their calculated annuity for each month of DROP participation. For each additional month of service, the percentage is increased by 0.5%, up to a maximum of 75%, with 30 years of actual service. The interest accrued on your DROP account balance is determined by the APERS Board of Trustees.

### **Annuity Options**

The annuity options available under DROP are the same annuity options available when applying for retirement. The annuity option you choose at DROP Entry determines your annuity option in retirement as well.

### **Maximum Participation**

A member may participate in the DROP for up to 10 years. At the conclusion of participation in the plan, you will terminate employment and start receiving your monthly annuity from APERS. The balance of the DROP account will be paid out according to your election.

### **DROP Payout**

When a participant exits the DROP, you may elect to receive the accrued DROP account balance as a lump sum payment, a rollover to another retirement plan, a monthly annuity, or a combination of these payment methods.

If you die prior to exiting the DROP, the DROP balance will be paid to your designated DROP beneficiary.

# Claims Against Benefits

CLAIMS

**APERS**  
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EMPLOYEES' RETIREMENT SYSTEM

## **CLAIMS AGAINST BENEFITS**

This section identifies the circumstances that may result in the loss of benefits for members or beneficiaries including denial, ineligibility, forfeiture, suspension, offset, reduction, or recovery.

Normally, retirement benefits that members accrue cannot be taken away from them through legal processes such as garnishment and bankruptcy. These benefits include their right to an annuity, a refund of contributions, a monthly annuity, an annuity option, or any other right or benefit.

Under certain circumstances, the system may reduce or take away benefits from members or beneficiaries. These circumstances include:

- Erroneous payments
- Failure to terminate
- Embezzlement or fraud
- Unlawful killing of a member
- Court ordered child support payments
- Qualified Domestic Relations Orders

### **Erroneous Payments**

A change or error in the system's records or an audit of benefit calculations may result in members receiving more or less than they were entitled to receive. If the system identifies an error, it corrects the error and adjusts future payments to the correct amount. The error could result in an overpayment or an underpayment.

#### *Overpayments*

The system has the right and responsibility to recover any overpayment that it makes. To recover the overpayment, the system must determine the overpayment and notify you within one year of the last overpayment. When the member, retiree, or beneficiary caused the overpayment, this one-year period does not apply.

When the system decreases the annuity amount, it must notify you in writing about the decrease and of the right to appeal the determination. The system's determination will be final unless you file an appeal within 20 days after receiving the redetermination.

#### *Underpayments*

When the system determines that members have received an underpayment, it pays the total of the underpayments to you in a lump sum, regardless of the date of the determination.

### **Failure to Terminate**

The "Eligibility for Benefits" section describes the termination required to be eligible for retirement benefits. When retirees fail to meet termination requirements, they lose their benefits. They cannot begin receiving annuity payments again until they satisfy all requirements for terminating.

The failure to meet termination requirements does not cancel a member's retirement election.

**Example:** A retiree's effective date of retirement is January 1. That member returns to covered employment under the system a few months later on April 1. This member violated the termination requirement. The system stopped annuity payments in addition to requesting repayment of the payments the member received since January 1.

The member terminates employment again on April 15. The system resumes paying the member on May 1, and the effective date of retirement remains January 1. This member did not receive any payments for January through April.

### **Employer Embezzlement or Fraud**

Employers have the right to take away benefits when members, retirees, or beneficiaries have embezzled from or defrauded their employer.

**Example:** A county payroll officer is convicted of transferring money from the county's bank account to his bank account without approval. This embezzlement occurred while he was a member of the system. The county can submit a request to the system to receive the payroll officer's member contributions to help replace the money stolen from the county.

### **Unlawful Killing of a Member**

When a court determines that a beneficiary unlawfully killed a member or retiree, that beneficiary loses the right to benefit payments. The system may also suspend benefit payments when a beneficiary is charged with the unlawful killing, pending the outcome. In either case, the system must notify the beneficiary that it will not pay benefits. This notice must also inform the beneficiary of the right to request a waiver and the applicable deadlines.

If a court reverses a conviction on appeal, the system can then pay benefits. Otherwise, the system must refund the member contributions to the member's estate, if a backup beneficiary does not exist.

### **Court Ordered Child Support Payments**

If a court determines that you are willfully refusing or failing to support your minor dependent child(ren) in violation of a court order providing for their support, the court may order that your benefit be reduced to meet your child support obligations.

## **Qualified Domestic Relations Orders**

A Qualified Domestic Relations Order (QDRO) is a court order that creates, recognizes, or assigns to an alternate payee the right to receive all or a part of the benefits payable to a participant under a retirement plan.

An alternate payee cannot be anyone other than a spouse, former spouse, child, or other dependent of a participant. A vested member's benefit can be subject to a QDRO in the event of divorce. A model form of the QDRO in the acceptable format for APERS is available on our website, [www.apers.org](http://www.apers.org).

A QDRO 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 QDRO.

# Glossary



## GLOSSARY OF TERMS

**Actual Service-** Service credited at the rate of one month for each month of service

**Actuary-** A qualified actuary with experience in retirement plan financing. Membership in the American Academy of Actuaries will be sufficient for a person to be deemed a qualified actuary.

**Age-** Age on last birthday

**Annuity-** An annual benefit payable from APERS funds throughout the life of a person. All annuities will be paid in equal monthly installments.

**Annuity Options-** Alternatives enabling an APERS member to name a beneficiary to receive a monthly benefit upon the member's death.

**APERS-** Arkansas Public Employees' Retirement System

**Beneficiary-** Any person except a retiree who is receiving or is designated by a member to receive a plan benefit.

**Board-** The Board of Trustees of the Arkansas Public Employees' Retirement System

**Compensation-** The recurring remuneration paid a member by public employers for personal services rendered by a member in a position covered by an employer participating in APERS.

**Contributory Plan-** A plan that originated with APERS on July 1, 1957, whereby APERS employees made contributions to the system, along with their employers. A new contributory plan enacted for APERS by Act 2084 of 2005 requires all new members hired on or after July 1, 2005, to contribute pre-tax earnings into the system. Starting July 1, 2022, the contribution rate increases by 0.25% every July 1 until July 1, 2029, when the rate will be 7%.

**Credited Service-** The sum of service credited to a member's account. This can include purchased service and enhanced service (service accruing at a rate more than one month per month) for elected officials.

**Disability-** An illness or injury which mentally or physically renders a person unable to perform his or her duties and which is judged to be permanent.

**DROP-** Deferred Retirement Option Plan

**Employee (Member) Contributions-** Under the contributory plan, the amount set by law that is deducted from a member's compensation and deposited in his or her account with APERS.

**Employer Contributions-** The amount set by the Board of Trustees for employers to contribute to fund the schedule of benefits provided to APERS members.

**Final Average Compensation-** The average of the highest three fiscal years of compensation paid a member during actual service with a public employer. For members first hired on or after July 1, 2022, the average is of the highest five fiscal years.

**Fiscal Year-** The uniform period between one annual balancing of financial accounts and the next. For Arkansas and APERS, the fiscal year begins July 1 and ends June 30.

**Member-** Any person who is included in the active membership of APERS

**Normal Retirement Age-** The age at which a member is eligible for retirement with full benefits.

**PAW-** Partial Annuity Withdrawal

**Reciprocity-** An agreement between two or more Arkansas public retirement plans that allows an employee to use his or her credited service in two or more of the retirement systems to meet the minimum service requirement for retirement purposes in each system.

**Reduced Benefit-** A benefit decreased in amount due to early retirement.

**Refund-** Return of member (employee) contributions and interest to an employee, as requested, after termination from an APERS-covered position.

**Retiree** – A former member receiving a plan annuity by reason of having been a member.

**Survivor-** A spouse, child, or parent who, as a result of a member's or retiree's death, is designated by law to receive a benefit.

**System-** Arkansas Public Employees' Retirement System

**Terminate-** As defined by Act 40 of 2011, terminate, as it applies to eligibility for retirement under APERS, means: (A) The member's employment has ended; (B) A complete severance of the employer-employee relationship has occurred; and (C) The member has ceased performing any services for the employer, except for non-compensated functions related to the transfer of the duties or the transfer of the position itself.

If a member is an elected public official, terminate means: (A) The member has resigned, been removed, or otherwise no longer holds the elected position; (B) A complete severance from the elected position has occurred; and (C) The member has ceased performing any services for the employer, except for non-compensated functions related to the transfer of the duties or the transfer of the position itself.

Terminate does not mean taking a leave of absence, performing job duties or services without remuneration, or receiving or accruing additional employment related compensation, reimbursements, benefits, or other emoluments.

**Vested-** Entitled to receive a monthly benefit upon attaining a specified age with five years of actual service (10 years for those with only General Assembly service) credited to one's account.

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