

Arkansas

State Police Retirement System



Member Handbook 2009

2009
Arkansas State Police
Retirement System

HANDBOOK
FOR MEMBERS

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Arkansas State Police Retirement System

124 West Capitol Avenue, Suite 400
Little Rock, AR 72201
1-501-682-7800
or
1-800-682-7377

This publication has been produced for use by members, staff and other interested persons for informal reference purposes only. The authors intend it to be accurate, but whenever a statement herein conflicts with the law, the law shall prevail. The subject matter in this handbook is based on legislation. Therefore, at times, technical language is unavoidable. If you come across a word that you do not understand, please consult the Glossary on Page 58.

DISCLAIMER

As much as possible, this brochure has been written in non-technical terms, avoiding the formal language of the retirement laws and rules. If questions of interpretation arise as a result of the attempt to make the retirement provisions easy to understand, Chapters 2, and 6 of Title 24 of the Arkansas Code Annotated (2009) must remain the final authority. The information provided in this handbook is based on the Arkansas Retirement System laws and rules in existence July 2009 and is subject to modification based on changes in the law.

PLAN INFORMATION

Name of Plan The Arkansas State Police Retirement System (ASPRS).

Type of Plan The Arkansas State Police Retirement System is a defined benefit plan, qualified under Section 401(a) of the Internal Revenue Code, with defined contribution options.

Administration
And Service of
Legal Process The ASPRS Board of Trustees through the Executive Secretary administers the Arkansas State Police Retirement System.

Legal process may be served on:

Gail H. Stone, Executive Secretary
Arkansas State Police Retirement System
124 West Capitol Avenue, Suite 400
Little Rock, AR 72201

Provisions of Law	The Arkansas State Police Retirement System (ASPRS) was established by Act 311 of 1951. Changes to the law can be made only by an act of the Arkansas Legislature.
Funding	Members of the Arkansas State Police Retirement System are non-contributory. Those members with service prior to January 1, 1978 were required to contribute nine and twenty five hundredth percent (9.25%) of their salary to the System. The Department of State Police contributes 22% of the employees' salary to the System. There is a provision that allows for the transfer of monies from the excess Insurance Premium Tax collected to the System. The transfer is based on the difference in rate between the computed employer contribution rate and the rate established by law (22%). Monies received are invested by the Arkansas Public Employees Retirement System (APERS) 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 the Arkansas State Police Retirement System 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.

CONTACTING THE SYSTEM

When you write the System, please include your full name, printed and signed, your Social Security number, and complete mailing address. Address your correspondence to:

Arkansas State Police Retirement System
 124 West Capitol Avenue, Suite 400
 Little Rock, Arkansas 72201

Table of Contents

Page

General Information

Board of Trustees	8
Letter From the Executive Secretary	9
Directions	10
A Brief History	11
Administration	11
General Information	13
Death in Service (Line of Duty)	15
Disability	16
Working After Retirement	18
Reciprocal Service	18
Military Service	19
Beneficiary Questions	20
Costs, Contributions and Investments	21

Tier One Section

Retirement Benefits	25
Deferred Retirement Option Plan	27
Post Retirement Survivor Benefits	29
Death-In-Service Benefits	32
Dependent Child	34
Contributory Benefit Example – Tier One	35
Contributory Benefit Worksheet - Tier One	36
Non-Contributory Benefit Example – Tier One	37
Non-Contributory Benefit Worksheet - Tier One	38
Contributory/Non-Contributory Benefit Example – Tier One	39

Table of Contents

	Page
Tier Two Section	
Retirement Benefits	43
Deferred Retirement Option Plan	44
Post Retirement Survivor Benefits	46
Death-In-Service Benefits	48
Dependent Child	49
Non-Contributory Benefit Example – Tier Two	51
Non-Contributory Benefit Example Worksheet – Tier Two	52
Resources	
Retirement Checklist	55
A Reminder	56
Glossary	58
Request For Annuity Information Form	61

Board of Trustees

Commissioner John W. Allison, Chair

P.O. Box 1089

Conway, AR 72033

Dr. John Shelnett, designee for Richard Weiss

Department of Finance & Administration

1509 West 7th Street, Room 404

Little Rock, AR 72201

Corporal Blake Wilson

(Active Tier I member representative)

502 Autumnwood Drive

Russellville, AR 72802

Sergeant Brant Tosh

(Active Tier II member representative)

3801 Friendly Hope Road

Jonesboro, AR 72404

Mr. Kirk Bradshaw

(Citizen-At-Large)

710 Desoto, Suite E

Hot Springs Village, AR 71909

Mr. Martin Silverfield

(Citizen-At-Large)

100 Morgan Keegan Drive, Suite 200

Little Rock, AR 72223

Mr. Donnie Underwood

(Citizen-At-Large)

P.O. Box 35

Marion, AR 72364



Arkansas State Police Retirement System

124 West Capitol • Suite 400 • Little Rock, Arkansas 72201

December 2009

Dear Member:

I am pleased to present the 2009 Edition of the “Arkansas State Police Retirement System Member Handbook”.

This edition is designed to provide you with the information most members want about their Retirement System. It explains your benefits and how to estimate the amount you will get at retirement. It has a question and answer section and a glossary to make it easier to use.

I hope you will find the “Arkansas State Police Retirement System Member Handbook” to be a useful tool in understanding your Retirement System and in planning for your retirement.

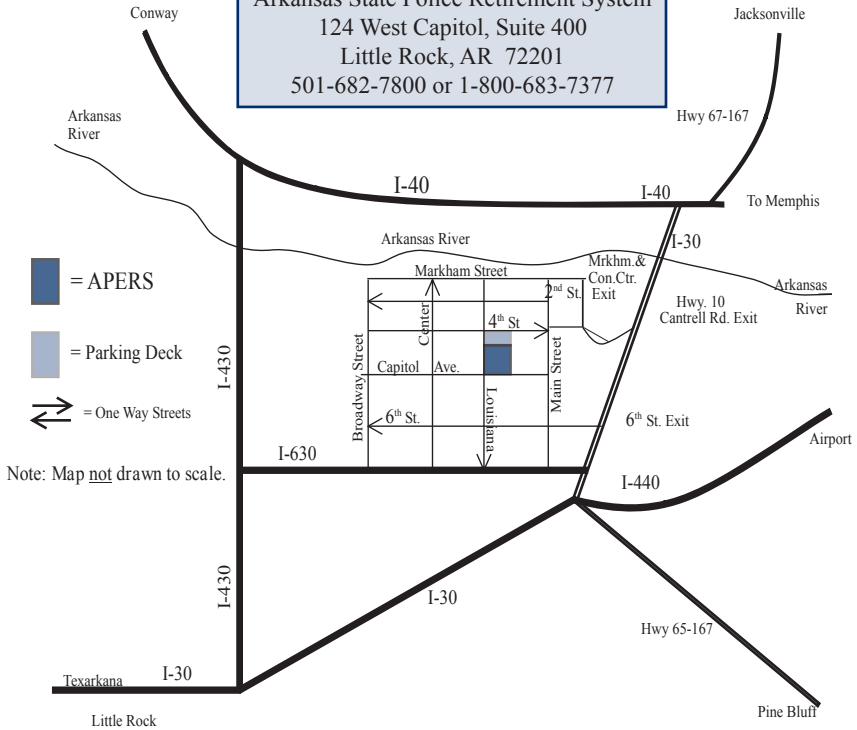
Sincerely,

Gail Stone
Executive Secretary

General

Map to the ASPRS Office

Arkansas State Police Retirement System
124 West Capitol, Suite 400
Little Rock, AR 72201
501-682-7800 or 1-800-683-7377



Suggested Routes

From Texarkana - Take I-30 East to I-430 North, then I-430 North to I-630 East; take I-630 East to Center St. Exit; turn left on Center St. and go to 4th St.; turn right on 4th St. to Louisiana Ave.; turn right on Louisiana - get into far left lane - take left into “valet parking” deck.

From Conway - Take I-40 East to I-430 South; take I-430 South to I-630 East; take I-630 East to Center St. Exit; turn left on Center St. to 4th St., then right on 4th St. to Louisiana Ave.; turn right on Louisiana, get into far left lane and turn into “valet parking” deck.

From Memphis/Jacksonville - Take I-40 West to I-30 to Hwy. 10 Exit; take Hwy. 10 Exit to the Markham St./Convention Ctr. Exit; get onto 2nd St. West; stay on 2nd St. to Louisiana Ave.; turn left onto Louisiana and stay in left lane; take Louisiana to 4th St., cross 4th St. and take left turn into “valet parking” deck.

From Pine Bluff/Airport - Take Hwy. 65-167 to I-440 to I-30; take I-30 to I-630 or 6th St.; take I-630 or 6th St. exit and go to Center St.; turn right on Center St., continue to 4th St.; turn right on 4th St. and go to Louisiana Ave.; turn right on Louisiana - get into the far left lane - take left into “valet parking” deck.

A Brief History

The Arkansas State Police Retirement System (ASPRS) was established by the General Assembly in 1951 by Act Number 311, with the effective date being March 19, 1951.

Until January 1, 1978, all members contributed a percentage of their pay to the retirement system. From that date forward, all new members have been enrolled under the non-contributory provisions. All persons who were members before that date have been given an opportunity to change to non-contributory status. All non-contributory members are provided benefits under the definition of “public safety officer”.

Act 1071 of 1997 created the Tier Two Plan for all officers hired on or after April 3, 1997. Members of the Plan in effect before April 3, 1997 (hereafter referred to as Tier One) had one year from April 3, 1997 to elect participation in Tier Two.

Act 1242 of 2009 transferred the assets of the ASPRS to APERS to hold in trust for the ASPRS as well as changing the composition of the ASPRS Board. This act also created a DROP for Tier II members.

Administration

The general administration and responsibility for the operation of the retirement system and the making of rules and regulations under which the retirement system is operated is vested in a Board of Trustees composed of seven (7) members. These seven (7) members of the Board are:

1. One (1) active member enrolled in the Tier I benefits program;
2. One (1) active vested member enrolled in the Tier II benefits program;
3. One (1) State Police Commissioner who shall be appointed by the Governor;
4. The Chief Fiscal Officer of the State or his designee;
5. Three (3) citizens at large who shall be appointed by the Governor and who shall have no interest, direct or indirect, in the Arkansas State Police.

General

The election of member Trustees shall be held under such rules and regulations as the Board shall from time to time adopt to govern such elections. The regular term of office of member Trustees shall be seven (7) years.

The Board shall adopt, and may modify, rules for the conduct of business, and shall keep a record of its transactions, findings and determinations, which record shall be public.

The Board shall exercise discretionary power and authority in the disbursements of the funds of the system, subject to the retirement law.

All funds are held in trust and are deposited in the office of the Arkansas State Treasurer or other depository as designated by the Board of Trustees.

Members may be retired when qualified and approved by the Board, as provided in the law. Refunds of a member's contributions will be made, as provided in the law.

Act 647 of 1969 names the Executive Director and the Administrative staff of the Arkansas Public Employees Retirement System as the Executive Secretary and Administrative staff of the Arkansas State Police Retirement System and all records shall be maintained in that office.

Forms are required for membership, retirement, refunds, and change of beneficiary designation. Obtain these through either State Police Headquarters or the Retirement System. Questions concerning the completion of these forms should be directed to the Retirement System Office.

General Information

Q. Are all employees of the Department members of SPRS?

A. No. Only State Police Officers and the Director are members of ASPRS. Other Department employees are members of another state retirement system.

Q. Do I have a choice in becoming a SPRS member?

A. No. You must join as a condition of employment.

Q. Are there age limits on becoming a member of SPRS?

A. No.

Q. How may I obtain information about my retirement account?

A. The Retirement System Office is located on the fourth floor of 124 West Capitol, Little Rock, Arkansas 72201, and the telephone number is 682-7800, or 1-800-682-7377 if you are outside the Little Rock area.

Although general information about the system can be given over the telephone, for your protection, specific information about your account can be obtained only by written request or a visit to the office. In addition, SPRS sends to each member an annual statement reflecting your earnings and contributions, if any, for the year. This statement is prepared for active members only. It is compiled at the close of each fiscal year (June 30), and sent to you during the next fiscal year.

Q. What is vesting?

A. Being vested means that you are eligible to receive a future retirement benefit from the ASPRS.

Q. When am I vested?

A. You are vested when you have the minimum actual service credit required to be eligible for a future benefit. Five (5) years of actual service is required to be vested in ASPRS.

Q. Is there any particular time when I should file an application for retirement benefits?

- A. Yes. Benefits always become effective on the first day of the month. By law, your application must be on file in the Retirement System Office at least 30 days but no more than 90 days before you wish your retirement to be effective. For instance, if you are terminating employment on June 30, and wish your benefits to be effective on July 1, then your application must be filed no later than June 1.

Q. Why should I use direct deposit?

- A. Direct deposit insures that your benefit will be deposited in your bank account each month at a set time. You do not have to be concerned about delays in mail delivery, or a lost warrant which can take up to 20 days to reissue. Contact the Retirement System Office to request direct deposit forms.

Q. When are benefits paid?

- A. The mailing of state warrants and the electronic deposits into accounts are scheduled so that all retirants should receive their benefits on the 15th of each month.

Q. Will my monthly benefit ever increase?

- A. Yes. Your SPRS benefit will increase 3% each July 1. You must be retired a full 12 months before you can receive your first increase.

Q. Is my monthly retirement benefit taxable?

- A. All but the first \$6,000 of retirement income from employer sponsored pension plans is subject to taxation by the State of Arkansas. To determine if your benefits are taxable by the federal government, check with the Internal Revenue Service or your tax consultant.

Q. Will you withhold tax from my retirement check at my request?

- A. Yes. At the time you retire you will be given withholding forms to complete for state and federal taxes. New tax forms are required to change your withholdings.

Q. Will you send me a report of retirement benefits received?

A. Yes. Each January, we will mail to you a Form 1099R to use when filing your state and federal tax returns for the preceding year.

Q. If I am a non-contributory member in Tier One or a Tier Two member, is it possible for me to receive more money in retirement than I did in employment?

A. No. Section 5.03 of Act 973 of 1977 prohibits you receiving more than while employed. SPRS cannot pay you an amount which would cause you to receive more than 100% of your final average pay. However, this restriction applies only at the time of retirement, and future increases in retirement benefits may cause you to exceed the 100% limit.

Q. If I move after I retire, what must I do to notify your office of an address change?

A. For your protection we will not take an address change over the telephone. Simply send the Retirement System Office a slip of paper with your name, social security number, old address, new address, and your signature, then we will gladly change your address. Address change forms can be mailed upon request.

Q. Upon my death after retirement, what action should be taken?

A. The Retirement System Office should be notified immediately. If there are benefits to be paid to survivors, prompt action will assure there is no delay in payment.

Death In Service (Line of Duty)

Q. Are survivor benefits payable if I am killed while in the official line of duty?

A. Yes, if the surviving spouse is eligible for a deferred benefit, the survivor may elect to receive a reduced benefit beginning immediately.

Q. What is the reduction?

- A. The reduction of benefit shall be five-tenths of one percent (0.5%) per month for each of the first sixty (60) months that the benefit commences before when it would have otherwise commenced, plus twenty-five hundredths of one percent (0.25%) per month for each month more than sixty (60) months that the benefit commences before when it would have otherwise commenced. However, the total reduction shall not be more than fifty percent (50%).

Disability

Q. If I become disabled, may I receive benefits from SPRS?

- A. Yes , if you are qualified. You must have 5 actual years of service, but that requirement is waived if you receive Workers' Compensation for a disability arising solely and exclusively out of an injury in the course of your employment with the Department.

Upon application filed with the Board of Trustees of the System or by the Director of the Department of State Police on behalf of the member, a member who is in the employ of the Department of Arkansas State Police, who becomes totally and permanently incapacitated for duty in the employ of the Department by reason of a personal injury or disease may be retired by the Board of Trustees of the State Police Retirement System, but only after a medical examination of the member.

The examination shall be made by or under the direction of a board of medical professionals as defined in the rules of the Board of Trustees of the State Police Retirement System, using the active duty criteria supplied by the Department of Arkansas State Police in determining the extent of the disability.

Q. How will my benefits be calculated?

- A. ASPRS is a defined benefit plan. Each member's benefit will be computed from the same formula applied to a set of facts unique to that member, such as (1) final average salary, and (2) total years and months of credited service according to the contributory provisions of

General

ACA 24-6-214 or the noncontributory provisions of ACA 24-6-227 and ACA 24-6-406, as applicable.

However a member's disability pension shall not be less than twenty percent (20%) of his or her final average compensation.

Q. Is there a review process after I begin receiving disability benefits?

- A. Yes. At least one (1) time each year during the first five (5) years following a member's retirement on account of disability and at least one (1) time in every three-year period thereafter, the Board of Trustees of the System may and upon the retirant's application shall require any disability retirant who has not attained fifty (50) years of age to undergo a medical examination to be made by or under the direction of the medical professionals designated by the Board of Trustees of the State Police Retirement System.

Q. If I am judged to be disabled, may I work in the private sector and continue to receive my benefits?

- A. Yes. In the event a disability retirant who has not attained age fifty (50) - (55 for Tier II members) - performs personal service in an occupation, business, or employment, his or her disability pension shall be reduced so that the sum of his or her disability pension and the compensation received by him or her from the occupation, business or employment shall not exceed his or her annual rate of salary at the time of his or her retirement.

Q. What happens if I return to employment covered by the Department of State Police?

- A. Upon a disability retirant's return to the employ of the department, his or her credited service at the time of his or her retirement shall be restored to his or her credit.

He or she shall be given service credit for the period he or she was receiving a disability pension, if, within that period, he or she was in receipt of workers' compensation on account of his or her department employment.

Working After Retirement

Q. May I go to work in the private sector and still collect my full retirement?

A. Yes.

Q. May I collect my full retirement and go to work for the public sector in another state, such as Texas?

A. Yes. This will have no effect on your benefits from SPRS.

Q. May I go to work for a public employer in the State of Arkansas and still receive my full retirement benefits?

A. Yes. However, depending upon the employer you may or may not be eligible for membership in another retirement plan which is authorized by the laws of the State of Arkansas if you are retired from SPRS.

Reciprocal Service

Q. I was a member of another Arkansas retirement plan at one time. May I transfer that credit to SPRS?

A. No. You may not transfer service; however, you may use the combined credited service you have in two or more reciprocal systems to meet service or vesting requirements. The systems covered by the reciprocal agreement are: The Arkansas Judicial Retirement System, The Arkansas State Police Retirement System, The Arkansas Public Employees Retirement System, The Arkansas Highway Employees Retirement System, The Arkansas Teachers Retirement System, alternate plans specified in Act 857 of 1997, and The Arkansas Local Police and Fireman Pension Fund (effective July 31, 1999).

If you were a member of another system but you received a refund of contributions from that system and forfeited some service, you may repay that refund to regain the service while you are an active member of one of the reciprocal systems. Contact the refunding system for information on the cost to repay.

Q. Will SPRS pay me a benefit on the service in the other reciprocal system?

- A. No. Each reciprocal system in which you have credited service will send you a benefit. You must apply for benefits from each system at the time you retire.

Military Service

Q. I served in the armed forces of the United States. Can this time be added to my service in the retirement system?

- A. Yes, under certain circumstances. There are two ways to receive the credit.
1. You served in the military prior to employment with the Department. You may purchase up to 60 months of active duty if you:
 - a) have 5 years of actual service credited in the retirement system; and
 - b) received an honorable discharge.
 2. If your service with the Department was interrupted by service in the military during a national emergency, you may be able to receive free credit in the system.

Q. What is the cost to purchase active duty military service for credit in ASPRS?

- A. The cost to purchase the service would be based on:
- (1) Your first full month's earning as reported to the system;
 - (2) The member contribution rate in effect during that month;
 - (3) The employer contribution rate in effect during that first month for purchasing up to three years. For purchasing any or all of the fourth and fifth year of credited service, the employer rate shall be that in effect on the date the member first became eligible to make the purchase; and,
 - (4) Interest.

Q. When does interest begin?

- A. Interest will begin six (6) months after eligibility. In other words, if you purchase your active duty military time within 6 months after obtaining five (5) years of credited service, you will not be charged interest on your purchase.

Q. Can my total military service exceed five (5) years?

- A. No.

Q. What do I need to submit to determine eligibility for free or purchasable military service?

- A. To have free service and/or the cost to purchase service, send a copy of your DD-214 or equivalent discharge papers, to the Retirement System Office for review and, if applicable, cost to purchase the service.

Beneficiary Questions

Q. When and how do I name a beneficiary, and for what purpose?

- A. At the time of enrollment, you designate a beneficiary to receive your accumulated contributions in the event of your death before retirement, if there are no survivors eligible for a monthly benefit.

If you are under Tier I or Tier II non-contributory provisions, you do not make employee contributions. Therefore, you will have no accumulated contributions to pass on to your beneficiary. There are two exceptions to this statement: (1) if you were once under the Tier I contributory provisions; or (2) if you are covered under Tier I or Tier II non-contributory and you purchase service or repay a refund.

Q. Are there any restrictions regarding the person or persons I may name as beneficiary?

- A. No. For example, it could be your husband, wife, children, relative, friend, or estate.

Q. Is there a circumstance in which my spouse or children automatically become my beneficiaries even if I have named another person?

A. Yes. If you die while an active employee with at least five (5) years of service, with a spouse and \or dependent children.

Costs, Contributions and Investments

Q. Who determines the cost of benefits?

A. A professional actuarial firm hired by the Board of Trustees, makes an annual actuarial valuation of the system and recommends an amount to be paid by the employer, when taken together with investment income, necessary to provide retirement allowances and other benefits as provided by law.

Q. What happens to the money the member contributes?

A. All contributions are invested. Investment income helps pay a major part of the cost of providing benefits.

Q. Does a member earn interest on his/her contributions?

A. Yes. After a member's contributions have been in the system for five years, interest is earned at the rate of 3% per year.

Q. Who invests our money?

A. The Board of Trustees of the Arkansas Public Employees Retirement System has full power to invest and re-invest all funds. The Board employs professional money management firms to manage the investment portfolio.

Q. What are the principal types of investments?

A. The funds are invested in such classes as bonds, common stocks or other investments as the Board may approve.

Q. What requirements are placed on the investments?

- A. Investments are made under the Prudent Investor Rule. This rule states that in making investments, one exercises “the judgment and care, under the circumstances then prevailing, which an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income.”

The Federal Employee Retirement Income Security Act of 1974.

Tier One

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Retirement Benefits

Q. How do I become vested for benefits?

- A. Service credit is earned each month that you work, and 5 actual years are required for vesting. Fifteen days worked in a month equals one month of credit, and 10 months worked in a calendar year equals an actual year of credit.

Q. As a public safety officer, do I earn extra credit?

- A. Yes, if you are under the non-contributory provisions. You must have 5 actual years to be vested, but when you retire, your actual service will be credited at 1 1/2 the regular rate for the purpose of computing your benefit amount.

Q. What are the retirement ages for full or reduced benefits under the CONTRIBUTORY PROVISIONS?

- A. With 5 actual years of service, you may retire at age 50 with a full benefit. If you have 20 or more years of actual service credited, you may retire before age 50 with a reduced benefit amount. With 30 actual years of credited service, a full benefit is payable at any age.

Q. What are the retirement ages for full or reduced benefits under the NON-CONTRIBUTORY PROVISIONS?

- A. With a full benefit, a member may voluntarily retire with 30 years of actual service, regardless of age, or at age 52 with five (5) actual years of service.

With a reduced benefit, a member may retire once the member's age is within 10 years of becoming eligible for unreduced benefits.

Q. How much will my benefit be reduced if I take early retirement?

- A. The reduction rate is 1/2 of 1% for each month retirement precedes Normal Retirement Age.

Q. How will my benefits be figured?

- A. SPRS is a defined benefit plan. Each member's benefit will be computed from the same formula applied to a set of facts unique to that member, such as, (1) final average salary, (2) total years and months of credited service, and (3) age at retirement. When these facts are known, the exact benefit amount can be computed.

Q. What is the final average salary under the contributory provisions?

- A. It is an average of the 36 months of pay immediately preceding your termination of employment.

Q. What is the final average salary under the non-contributory provisions?

- A. It is an average of the highest 60 calendar months of pay.

Q. I was a contributory member until 1985 and then changed to non-contributory. What final average salary (FAS) will be used to compute my benefit?

- A. The non-contributory provisions became effective on January 1, 1978. When you elected this status in 1985, it was retroactive to January 1, 1978, and you were refunded any contributions you had paid to the system after that date. The contributory law (final 36 month FAS) will apply to computing the value of your service prior to January 1, 1978, and the non-contributory law (highest 60 calendar months FAS) will apply to computing the value of your service after that date. Therefore, both final average salaries will be used in this case. Examples for calculating both types of service are given beginning on Page 35.

Deferred Retirement Option Plan

Q. What is the Deferred Retirement Option Plan (DROP)?

A. In lieu of terminating employment and accepting a service retirement pension, a Tier One member with 30 years of credited service (20 years public safety service) and who is eligible to receive a service retirement pension, full or reduced, may elect to participate in the Deferred Option Plan.

Q. How do I elect to participate in the DROP?

A. The member must complete and submit in a timely manner the required forms to participate in the DROP as required by the ASPRS Board of Trustees.

Q. Is the decision to participate in the DROP irrevocable?

A. Yes. The decision by a member to participate in the DROP is irrevocable.

Q. What percentage of my monthly retirement benefit is deposited into the DROP?

A. One hundred percent (100%) of the monthly retirement benefit that would have been payable had the employee elected to cease employment and receive a service retirement shall be paid into the ASPRS Tier I DROP account.

Q. What is the duration of participation in the DROP?

A. The duration of participation in the ASPRS Tier I DROP for an active state police officer shall not exceed seven (7) years. At the conclusion of a state police officer's participation in the plan, s/he shall terminate employment with the Department of State Police and start receiving his or her accrued monthly benefit from the ASPRS

Q. Does my employer continue to contribute to the System while I am participating in the DROP?

A. Yes, the employer contribution shall continue to be paid and credited to the System.

Q. Can I continue to earn service credit in any state supported retirement system?

A. No.

Q. What is the rate of return on the DROP account?

A. Interest shall be at a rate set by the Board of Trustees of the ASPRS that shall not be greater than five percent (5%) nor less than one percent (1%) per annum as determined by the Board from time to time as promulgated by rule.

Q. When is the interest credited?

A. The interest shall be credited to the individual plan account balance on an annual basis.

Q. When I terminate employment, how can I receive my money?

A. A participant in the ASPRS Tier I DROP shall receive, at the option of the participant, a lump-sum payment from the plan account equal to the payments to the plan account; a true annuity based upon the plan account of the participant; or any other method of payment if approved by the Board of Trustees of the ASPRS.

Q. What happens to the monies if I die while participating in the DROP?

A. If a participant in the ASPRS Tier I DROP dies during the period of participation in the plan, a lump-sum payment equal to the plan account balance shall be paid to the participants's designated beneficiary.

Post Retirement Survivor Benefits

Q. I am a contributory member. Will my family receive any benefits upon my death after retirement?

- A. Yes, retiring members can provide protection for a beneficiary by electing an option, which provides beneficiary protection by reducing the retired employee's benefit amount. Please note, you must actually be retired for these benefits to be payable upon your death. The benefits will not be payable if you are in a deferred status, i.e. eligible to retire but application has not been made and you are not drawing benefits.
1. Under Tier One, if a straight life annuity is paid, upon the retiree's death, 50% of the retiree's benefit is continued to a surviving spouse. If the deceased retiree leaves children under age 18 years or age 23 if in college, 75% of the retiree's benefit is continued to the surviving spouse.

The spousal benefit ceases if the spouse remarries. If the spouse again becomes unmarried, the benefit is reinstated.

2. If you have no eligible spouse at the time of your death, or if an eligible spouse dies or remarries, then your dependent children under age 18, or under age 23 if in college, will each receive an equal share of 75% of your benefit amount. No one child can receive more than 25% of your benefit.

Q. I am a non-contributory member. What benefits will my survivors receive upon my death after retirement?

- A. If you do not choose an Option to provide a specific benefit to a person you name at retirement, then you will be paid your benefit as a Straight Life annuity and survivor benefits will be automatic. Please note, you must actually be retired for these benefits to be payable upon your death. The benefits will not be payable if you are in a deferred status, i.e., eligible to retire but application has not been made and you are not drawing benefits. The Straight Life and Option annuities are as follows:

Tier One

STRAIGHT LIFE: Monthly benefits will be paid to you for your lifetime. Upon your death the following benefits will be automatic:

- a) Your spouse will receive 75% of your benefit amount so long as s/ he has care of your dependent children who were born before you retired.
- b) This spousal benefit will reduce to 50% of your benefit when there are no longer any dependent children in his/her care; or will be 50% from the beginning, if there are no dependent children. The spousal benefit ceases if the spouse remarries. If the spouse again becomes unmarried, the benefit is reinstated.
- c) If you have no eligible spouse at the time of your death, or if any eligible spouse dies or remarries, then your dependent children will each receive an equal share of 75% of your benefit amount. No one child can receive more than 25% of your benefit.

OPTION A120: You receive 90% of the computed straight life annuity for your lifetime. In the event of your death before you have received 120 monthly payments, your beneficiary, named at the time you retire, will receive the same annuity for the balance of the 120 months.

For example, your straight life benefit is \$1,000 a month, but you elect Option A120 and name your adult son as beneficiary. You will receive \$900 a month for your lifetime. Suppose you die after you have received only 20 monthly payments. In that event, your son would receive the same amounts you were being paid for 100 payments.

OPTION A60: You receive 96% of the computed straight life annuity for your lifetime. In the event of your death before you have received 60 monthly payments, your beneficiary, named at the time you retire, will receive the same annuity for the balance of the 60 months.

For example, your straight life benefit is \$1,000 a month, but you elect Option A60 and name a friend as your beneficiary. You will receive \$960 a month for your lifetime. Suppose you die after you have received 240 monthly payments. In that event there would be no benefit for a beneficiary because at least 60 payments had been made.

Tier One

OPTION B50: You receive 83% (adjusted up or down by 1/2 of 1% for each year difference in age between you and your beneficiary, but no higher than 95%) of your computed straight life annuity, payable for your lifetime. Upon your death, the beneficiary you name at the time of retirement, will receive 50% of the amount you were receiving at the time of death for his/her lifetime.

Under this Option, your beneficiary must be either your spouse to whom you were married for at least one year prior to retirement, or a person 40 years of age or older to whom you contribute more than 1/2 support.

For example, your straight life benefit is \$1000 a month. You elect Option B50 and name your spouse, who is two years younger, as your beneficiary. You are entitled to 82% (83% minus 1% for 2 years difference in age) of your straight life amount. You will receive \$820 for your lifetime, and upon your death, your spouse will receive 50% of that amount for his/her lifetime.

OPTION B75: You receive 75% (adjusted up or down by 3/4 of 1% for each year difference in age between you and your beneficiary, but no higher than 90%) of the computed straight life annuity, payable for your lifetime. Upon your death, the beneficiary you name at the time of retirement will receive 75%, for lifetime, of the amount you were receiving at the time of death.

Under this option your beneficiary must be either your spouse to whom you were married for at least one year prior to retirement, or a person 40 years of age or older to whom you contribute more than 1/2 support.

For example, your straight life benefit is \$1000 a month. You elect Option B75 and name your spouse, who is four years older, as your beneficiary. You are entitled to 78% (75% plus 3% for the 4 years difference in age) of your straight life amount. You will receive \$780 for your lifetime, and upon your death, your spouse will receive 75% of the amount for his/her lifetime.

Q. May I ever change the benefit plan elected at retirement?

A. Yes, but only under limited conditions.

1. If you elect straight life or Option A60 or Option A120 and marry

Tier One

after retirement or within the one year immediately preceding retirement, you may cancel the original election and choose Option B50 or B75. This change must be made within 18 months following the date of marriage, but not earlier than one year after that date.

2. If you elect Option B50 or Option B75, then your marital status changes due to death, divorce or other marriage dissolution, you may change to straight life or Option A60 or Option 120 effective the month following receipt of your election to change.

Death-In-Service Benefits

Q. I am a contributory member. If I die while an employee, are there any benefits for my survivors?

- A. Yes, your spouse or children may be eligible. If you have neither of those eligible for a survivor benefit, your dependent parents may be eligible.
1. Your spouse, who has care of your dependent children, will receive the greater of \$1,800 a year or 75% of the pension you would have received had you retired on the day before your death, even though you might not have been eligible to retire. This annuity will reduce to the greater of \$1200 a year or 50% of your entitlement when your surviving spouse no longer has care of your dependent children, or will be this amount from the beginning if you have no dependent children. The spousal benefit ceases if the spouse remarries. If the spouse again becomes unmarried, the benefit is reinstated.
 2. If you do not have a surviving spouse, or if the spouse dies or remarries, then your dependent children shall each receive an equal share of the greater of \$1800 a year or 75% of your pension amount, except that no child shall receive more than 15% of your final average salary at the time of death.
 3. In the event you have 5 or more years of actual service credited and you leave neither a surviving spouse nor dependent children, then each parent dependent on you for 50% support will receive an equal share of 50% of your benefit amount.

Q. If there are no eligible survivors, what happens to my employee contributions in the System?

- A. A refund of your employee contributions is made to your designated beneficiary or your estate.

Q. If I am a non-contributory member of Tier One, are there any benefits for my survivors if I die while an employee?

- A. Yes, if you have at least 5 years of credited service, including credit for the year immediately preceding death.*

1. A surviving spouse who was married to you for at least one year preceding your death will receive the greater of 10% of your covered compensation or the amount provided for a beneficiary under Option B75 (explained under **Post Retirement Survivor Options**), even though you might not have been eligible to retire. This will be paid to the surviving spouse so long as s/he has care of your dependent children. If there are no dependent children or after such children no longer meet the dependency requirement, then your spouse will be eligible for the benefit according to the following:

- a) If you had 20 years of credited service or were eligible for a full age and service benefit, your surviving spouse will begin receiving a benefit immediately upon your death, and will be paid for his/her lifetime.
- b) If you had 15 years credited service but had not reached your normal retirement age, the surviving spouse annuity will begin at his/her age 50 and will continue until the earlier of remarriage or death.
- c) If you had between 5 years of actual and 15 years of credited service, then the surviving spouse is eligible for a benefit at age 62. This will be paid until the earlier of marriage or death.

****There are some exceptions to having credit for the year preceding death. For instance, if the illness which leads to your death causes you to miss work and service credit, or if you were removed from the payroll because you had used all leave time but then you died within one year of removal from the payroll.***

2. Dependent children will receive a benefit, in addition to any benefit paid to an eligible surviving spouse.

Dependent Child

Q. What is a dependent child, as mentioned in the description of benefits for survivors of both a deceased member and a deceased retirant under both contributory and non-contributory?

A. The retirement law give the following definition: “A child shall be a dependent child until his or her death, his or her marriage, or his or her attainment of age eighteen (18), whichever occurs first; however, the age eighteen (18) maximum shall be extended as long as the child is continuously enrolled as a full-time student at an accredited secondary school or accredited post-secondary institution of higher education, but in no event beyond his or her attainment of age twenty-three (23); the eighteen year maximum shall also be extended for any child who has been deemed physically or mentally incompetent by a court with jurisdiction over the individuals or by the board, for as long as the incompetency exists.”

Q. If I leave 3 or more dependent children to share in a certain percentage, what happens to the benefits as one of them becomes ineligible because of age, marriage, etc.?

A. As a child loses dependency status, the benefits for the remaining dependent children are recomputed and their benefit increased, as long as no child exceeds the maximum amount as stated in the explanation of the benefits for survivors of a deceased retirant or the survivors of an active member.

- a) One or two dependent children will receive the greater of 10% of your covered compensation or an equal share of \$150 per month.
- b) Three or more dependent children will receive an equal share of the greater of 25% of your covered compensation or \$150 a month.

If you left neither a surviving spouse nor any dependent children, then each parent dependent upon you for at least 50% support will receive 10% of your covered compensation.

Contributory Benefit Example Tier One

Captain Smith had 28 years of service with the Department and he was 55 years of age at the time of retirement. His last 36 months of pay immediately preceding his termination date was used to determine his final average salary. His last day of work was July 31, 1989.

AVERAGE SALARY:

	Fiscal Year	Salary	
	1. 1990/91	\$18,333.37	(11 months)
(Use 36 months)	2. 1991/92	\$22,000.00	(12 months)
	3. 1992/93	\$24,000.00	(12 months)
	4. 1993/94	\$ 2,160.67	(1 month)
	TOTAL	\$66,494.04	

1. Final Average Salary (FAS) (Total Salaries divided by 3)	\$22,165.00
2. FAS x 2.949%	\$ 653.65
3. Line 2 X 20 years & months of service (Not to exceed 20 years)	\$13,073.00
4. FAS X 2.359%	\$ 522.87
5. Line 4 X 5 years & months of service (Not to exceed 5 years)	\$ 2,614.35
6. FAS X 1.18%	\$ 261.55
7. Line 6 X 3 years & months of service (Not to exceed 5 years)	\$ 784.65
8. TOTAL ANNUAL ANNUITY (Lines 3+5+7)	\$16,472.00
9. MONTHLY ANNUITY (Line 8 divided by 12)	\$ 1,372.67

NOTE: No more than 30 years can be used to compute a contributory benefit.

Compute Your Own Contributory Retirement Benefit Tier One

Use only actual years and months of credited service. A contributory member does not receive extra credit for "public safety officer" service.

AVERAGE SALARY:

	Fiscal Year	Salary	
	1. _____	\$ _____	(____ months)
(Use 36 months)	2. _____	\$ _____	(____ months)
	3. _____	\$ _____	(____ months)
	4. _____	\$ _____	(____ month)
	TOTAL	\$ _____	

- 1. Final Average Salary (FAS) \$ _____
(Total Salaries divided by 3)
- 2. FAS x 2.949% \$ _____
- 3. Line 2 X ____ years & months of service \$ _____
(Not to exceed 20 years)
- 4. FAS X 2.359% \$ _____
- 5. Line 4 X ____ years & months of service \$ _____
(Not to exceed 5 years)
- 6. FAS X 1.18% \$ _____
- 7. Line 6 X ____ years & months of service \$ _____
(Not to exceed 5 years)
- 8. TOTAL ANNUAL ANNUITY (Lines 3+5+7) \$ _____
- 9. MONTHLY ANNUITY (Line 8 divided by 12) \$ _____

NOTE: No more than 30 years can be used to compute a contributory benefit.

Non-Contributory Benefit Example Tier One

Trooper Jones has 15 years of service with the Department, all non-contributory years, which will convert to 22 1/2 years of service, because he is a public safety officer. He is 52 years of age, his last day of work is June 30, 2010, and his highest 5 years of pay will be used to determine his final average salary.

Because he will not be eligible for social security until he is 62 years of age, Trooper Jones will receive an “extra” amount until that age. This “extra” will be equal to .322% of his final average salary, times his non-contributory years of service.

AVERAGE SALARY:

Fiscal Year	Salary
1. 2005/06	\$ 20,000.00
2. 2006/07	\$ 22,000.00
3. 2007/08	\$ 24,000.00
4. 2008/09	\$ 26,000.00
5. 2009/10	\$ 28,000.00
TOTAL	\$120,000.00

1. Final Average Salary (FAS) (Total Salaries divided by 5)	\$24,000.00
2. FAS x 1.55%	\$ 372.00
3. Line 2 X 22 1/2 years & months of service is the ANNUAL ANNUITY payable at age 62	\$ 8,370.00
4. FAS X .322%	\$ 77.28
5. Line 4 X 22 1/2 years & months of service is the temporary amount payable to age 62	\$ 1,738.80*
6. Before age 62 ANNUAL ANNUITY (Add lines 3 and 5)	\$10,108.80
7. Before age 62 MONTHLY ANNUITY (Line 6 divided by 12)	\$ 842.40

***NOTE:** *The amount on line 5 will no longer be paid to Trooper Jones after he becomes age 62.*

Tier One

Compute Your Own Non-Contributory Retirement Benefit Tier One

Use this page if all your service is non-contributory (rendered non-contributory after January 1, 1978).

- A. On line 3 and line 5, use your actual service times one and one-half.
- B. If you will be age 62 or above when you retire, then complete through line 3 and divide that answer by 12 for the monthly benefit.
- C. If you will not be age 62 when you retire, complete through line 7.

AVERAGE SALARY:

Fiscal Year	Salary
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
TOTAL	\$ _____

- 1. Final Average Salary (FAS)
(Total Salaries divided by 5) \$ _____
- 2. FAS x 1.55% \$ _____
- 3. Line 2 X _____ years & months of service
is the ANNUAL ANNUITY payable at age 62 \$ _____
- 4. FAS X .322% \$ _____
- 5. Line 4 X _____ years & months of service
is the temporary amount payable to age 62 \$ _____*
- 6. Before age 62 ANNUAL ANNUITY \$ _____
(Add lines 3 and 5)
- 7. Before age 62 MONTHLY ANNUITY \$ _____
(Line 6 divided by 12)

***NOTE:** The amount on line 5 will be paid until you reach age 62.

Contributory/Non-Contributory Example Tier One

Corporal Adams has 25 actual years of service, is a non-contributory member, and is age 52. The first 10 years of his service were prior to January 1, 1978, under the contributory provisions, and he still has contributions in the system covering those years. He cannot receive less in benefits on those contributory years than what the contributory law provides. Therefore, we will compute a benefit on 10 years under the contributory formula (because it will yield a higher benefit than the non-contributory formula), and on his service after January 1, 1978, we will compute a benefit under the non-contributory formula on 15 years.

The following example has been shortened, but if you have similar service, you may use worksheets on Page 36 to figure your contributory service and Page 38 to figure your non-contributory portion. Add the two results together for your total benefit.

(1) CONTRIBUTORY PORTION

36 month FAS	=	\$22,000.00	
\$22,000 FAS X 2.949%	=	\$ 648.78	
\$648.78 X 10 years			= \$ 6,487.80

(2) NON-CONTRIBUTORY PORTION

High 5 years FAS	=	\$20,000.00	
\$20,000 FAS X 1.55%	=	\$ 310.00	
\$310 X 22 1/2 years			<u>= \$ 6,975.00</u>

ANNUAL ANNUITY AT AGE 62 = \$13,462.80

(3) TEMPORARY ANNUITY

High 5 years FAS	=	\$20,000.00	
\$20,000 FAS X .322%	=	\$ 64.40	
\$64.40 X 22 1/2 years			<u>= + 1,449.00*</u>

ANNUAL ANNUITY AT AGE 52 = \$14,911.80

***NOTE: This amount will be paid until Corporal Adams reaches age 62.**

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Tier Two

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Retirement Benefits

Q. How do I become vested for benefits?

- A. Service credit is earned each month that you work, and 5 actual years are required for vesting. Fifteen days worked in a month equals one month of credit, and 10 months worked in a calendar year equals an actual year of credit.

Q. As a public safety officer, do I earn extra credit?

- A. No. Under the Tier Two plan a member receives regular one for one credit.

Q. What are the retirement ages for full or reduced benefits?

- A. Any member who has acquired five years (5) but less than 30 years of actual service and has attained the required age may retire upon application.

For a member with less than 30 actual years of service, the required age is 65 reduced by seventy-five one hundredths (.75) of a month for each month of actual service, but in no event any age younger than age 55.

Any member with 30 or more years of actual service may retire at any age upon application.

A member or former member who is vested for a benefit may retire within 10 years of full benefit age.

Q. How much will my benefit be reduced if I take early retirement?

- A. The reduction rate is $\frac{1}{2}$ of 1% for each month you retire earlier than your full benefit age.

Q. How will my benefits be figured?

- A. ASPRS is a defined benefit plan. Each member's benefit will be computed from the same formula applied to a set of facts unique to that member, such as, (1) final average salary, (2) total years and months of actual service, and (3) age at retirement. When these facts are known, the exact benefit amount can be computed.

Q. What is the final average salary?

- A. It is an average of the highest 48 calendar months of salary paid.

Deferred Retirement Option Plan

Q. What is the Deferred Retirement Option Plan (DROP)?

- A. In lieu of terminating employment and accepting a service retirement pension, a Tier Two member with 30 years of total service (including reciprocal) and who is eligible to receive a service retirement pension, full or reduced, may elect to participate in the DROP.

Q. How do I elect to participate in the DROP?

- A. The member must complete and submit in a timely manner the required forms to participate in the DROP as required by the ASPRS Board of Trustees.

Q. Is the decision to participate in the DROP irrevocable?

- A. Yes. The decision by a member to participate in the DROP is irrevocable.

Q. What percentage of my monthly retirement benefit is deposited into the DROP?

- A. Seventy-two percent (72%) of the monthly retirement benefits that would have been payable had the employee elected to cease employment and receive a service retirement shall be paid into the ASPRS Tier Two DROP account.

Q. What is the duration of participation in the DROP?

- A. The duration of participation in the ASPRS Tier II DROP for an active state police officer shall not exceed seven (7) years. At the conclusion of a state police officer's participation in the plan, s/he shall terminate employment with the Department of State Police and start receiving his or her accrued monthly retirement benefit from the ASPRS.

Q. Does my employer continue to contribute to the System while I am participating in the DROP?

A. Yes, the employer contributions shall continue to be paid and credited to the System.

Q. Can I continue to earn service credit in any state supported retirement system?

A. No.

Q. What is the rate of return on the DROP account?

A. Interest shall be at a rate set by the Board of Trustees of the ASPRS that shall not be greater than five percent (5%) nor less than one percent (1%) per annum as determined by the Board from time to time as promulgated by rule.

Q. When is the interest credited?

A. The interest shall be credited to the individual plan account balance on an annual basis.

Q. When I terminate employment, how can I receive my money?

A. A participant in the ASPRS Tier Two DROP shall receive, at the option of the participant, a lump-sum payment from the plan account equal to the payments to the plan account; a true annuity based upon the plan account of the participant; or any other method of payment if approved by the Board of Trustees of the SPRS.

Q. What happens to the monies if I die while participating in the DROP?

A. If a participant in the ASPRS Tier Two DROP dies during the period of participation in the plan, a lump-sum payment equal to the plan account balance of the participant shall be paid to the participant's designated beneficiary.

Post Retirement Survivor Benefits

Q. What benefits will my survivors receive upon my death after retirement?

- A. If you do not choose an Option to provide a specific benefit to a person you name at retirement, then you will be paid a Straight Life Benefit for your lifetime only. No benefits will be paid to a survivor or beneficiary.

OPTION A120: You receive 90% of the computed straight life annuity for your lifetime. In the event of your death before you have received 120 monthly payments, your beneficiary, named at the time you retire, will receive the same annuity for the balance of the 120 months.

For example, your straight life benefit is \$1,000 a month, but you elect Option A120 and name your adult son as beneficiary. You will receive \$900 a month for your lifetime. Suppose you die after you have received only 20 monthly payments. In that event, your son would receive the same amounts you were being paid for 100 payments.

OPTION A60: You receive 96% of the computed straight life annuity for your lifetime. In the event of your death before you have received 60 monthly payments, your beneficiary, named at the time you retire, will receive the same annuity for the balance of the 60 months.

For example, your straight life benefit is \$1,000 a month, but you elect Option A60 and name a friend as your beneficiary. You will receive \$960 a month for your lifetime. Suppose you die after you have received 240 monthly payments. In that event there would be no benefit for a beneficiary because at least 60 payments had been made.

OPTION B50: You receive 83% (adjusted up or down by 1/2 of 1% for each year difference in age between you and your beneficiary, but no higher than 95%) of your computed straight life annuity, payable for your lifetime. Upon your death, the beneficiary you name at the time of retirement, will receive 50% of the amount you were receiving at the time of death for his/her lifetime.

Tier Two

Under this option, your beneficiary must be either your spouse to whom you were married for at least one year prior to retirement, or a person 40 years of age or older to whom you contribute more than 1/2 support.

For example, your straight life benefit is \$1000 a month. You elect Option B50 and name your spouse, who is two years younger, as your beneficiary. You are entitled to 82% (83% minus 1% for 2 years difference in age) of your straight life amount. You will receive \$820 for your lifetime, and upon your death, your spouse will receive 50% of that amount for his/her lifetime.

OPTION B75: You receive 75% (adjusted up or down by 3/4 of 1% for each year difference in age between you and your beneficiary, but no higher than 90%) of the computed straight life annuity, payable for your lifetime. Upon your death, the beneficiary you name at the time of retirement will receive 75%, for lifetime, of the amount you were receiving at the time of death.

Under this option your beneficiary must be either your spouse to whom you were married for at least one year prior to retirement, or a person 40 years of age or older to whom you contribute more than 1/2 support.

For example, your straight life benefit is \$1000 a month. You elect Option B75 and name your spouse, who is four years older, as your beneficiary. You are entitled to 78% (75% plus 3% for the 4 years difference in age) of your straight life amount. You will receive \$780 for your lifetime, and upon your death, your spouse will receive 75% of the amount for his/her lifetime.

Q. May I ever change the benefit plan elected at retirement?

A. Yes, but only under limited conditions.

1. If you elect straight life or Option A60 or Option A120 and marry after retirement or within the one year immediately preceding retirement, you may cancel the original election and choose Option B50 or B75. This change must be made within 18 months following the date of marriage, but not earlier than one year after that date.
2. If you elect Option B50 or Option B75, then your marital status

changes due to death, divorce or other marriage dissolution, you may change to straight life or Option A60 or Option 120 effective the month following receipt of your election to change.

Death-In-Service Benefits

Q. If I am a non-contributory member of Tier Two, are there any benefits for my survivors if I die while an employee?

A. Yes, if you have at least 5 years of credited service, including credit for the year immediately preceding death.*

1. A surviving spouse who was married to you for at least one year preceding your death will receive the greater of 10% of your covered compensation or the amount provided for a beneficiary under Option B75 (explained **under Post Retirement Survivor Options**), even though you might not have been eligible to retire. This will be paid to the surviving spouse so long as s/he has care of your dependent children. If there are no dependent children or after such children no longer meet the dependency requirement, then your spouse will be eligible for the benefit according to the following:

- a) If you had 20 years of credited service or were eligible for a full age and service benefit, your surviving spouse will begin receiving a benefit immediately upon your death, and will be paid for his/her lifetime.
- b) If you had 15 years credited service but had not reached your normal retirement age, the surviving spouse annuity will begin at his/her age 50 and will continue until the earlier of remarriage or death.
- c) If you had between 5 years of actual and 15 years of credited service, then the surviving spouse is eligible for a benefit at age 62. This will be paid until the earlier of marriage or death.

**There are some exceptions to having credit for the year preceding death. For instance, if the illness which leads to your death causes you to miss work and service credit, or if you were removed from the payroll*

because you had used all leave time but then you died within one year of removal from the payroll.

2. Dependent children will receive a benefit, in addition to any benefit paid to an eligible surviving spouse.
 - a) One or two dependent children will receive the greater of 10% of your covered compensation or an equal share of \$150 per month.
 - b) Three or more dependent children will receive an equal share of the greater of 25% of your covered compensation or \$150 a month.
3. If you left neither a surviving spouse nor any dependent children, then each parent dependent upon you for at least 50% support will receive 10% of your covered compensation.

Dependent Child

Q. What is a dependent child, as mentioned in the description of benefits for survivors of both a deceased member and a deceased retirant under both contributory and non-contributory?

A. The retirement law give the following definition: “A child shall be a dependent child until his or her death, his or her marriage, or his or her attainment of age eighteen (18), whichever occurs first; however, the age eighteen (18) maximum shall be extended as long as the child is continuously enrolled as a full-time student at an accredited secondary school or accredited post-secondary institution of higher education, but in no event beyond his or her attainment of age twenty-three (23); the eighteen year maximum shall also be extended for any child who has been deemed physically or mentally incompetent by a court with jurisdiction over the individuals or by the board, for as long as the incompetency exists.”

Q. If I leave 3 or more dependent children to share in a certain percentage, what happens to the benefits as one of them becomes ineligible because of age, marriage, etc.?

A. As a child loses dependency status, the benefits for the remaining

Tier Two

dependent children are recomputed and their benefit increased, as long as no child exceeds the maximum amount as stated in the explanation of the benefits for survivors of a deceased retirant or the survivors of an active member.

Tier Two

Non-Contributory Benefit Example Tier Two

Trooper Smith has 15 years of service with the Department in Tier Two Plan. Trooper Smith is 55 years of age and is qualified to receive a full benefit. Because Trooper Smith is not 62 years of age, a temporary annuity, or “extra” amount, will be paid until age 62. This times the years of credited service.

AVERAGE SALARY:

Fiscal Year	Salary
Year 1	\$ 21,000
Year 2	\$ 23,000
Year 3	\$ 25,000
Year 4	<u>\$ 27,000</u>
TOTAL	\$ 96,000

1. Final Average Salary (FAS) (Total Salaries divided by 4)	\$24,000.00
2. FAS x 2.475%	\$ 594.00
3. Line 2 X 15 years & months of service is the ANNUAL ANNUITY payable at age 62	\$ 8,910.00
4. FAS X .513%	\$ 123.12
5. Line 4 X 15 years & months of service is the temporary amount payable to age 62	\$ 1,846.80*
6. Before age 62 ANNUAL ANNUITY (Add lines 3 and 5)	\$10,756.80
7. Before age 62 MONTHLY ANNUITY (Line 6 divided by 12)	\$896.40

***NOTE:** *The amount on line 5 will no longer be paid to Trooper Smith after he becomes age 62.*

Compute Your Own Non-Contributory Retirement Benefit Tier Two

Use this page to compute your Tier Two benefit.

- A. Use your own high four years of pay to compute the FAS.
- B. One lines 3 and 5 use your years of actual service.
- C. If you are age 62 or older, then complete through line 3 and divide that answer by 12 for your monthly benefit.
- D. If you will not be age 62 when you retire, complete through line 7.

AVERAGE SALARY:

Fiscal Year	Salary
Year 1	\$ _____
Year 2	\$ _____
Year 3	\$ _____
Year 4	\$ _____
TOTAL	\$ _____

- 1. Final Average Salary (FAS)
(Total Salaries divided by 4) \$ _____
- 2. FAS x 2.475% \$ _____
- 3. Line 2 X _____ years & months of service
is the ANNUAL ANNUITY payable at age 62 \$ _____
- 4. FAS X .513% \$ _____
- 5. Line 4 X _____ years & months of service
is the temporary amount payable to age 62 \$ _____*
- 6. Before age 62 ANNUAL ANNUITY
(Add lines 3 and 5) \$ _____
- 7. Before age 62 MONTHLY ANNUITY
(Line 6 divided by 12) \$ _____

*NOTE: The amount on line 5 will no longer be paid after you become age 62.

Resources

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RETIREMENT CHECKLIST

For SPRS members, retirement is a combination of: 1) Arkansas State Police Retirement benefits, 2) Social Security Benefits, and 3) individual savings and investments. It is the combination of these three items which will give you the income security you need during retirement.

We ask that you take the time to answer the following questions. We feel that it will be both enlightening and rewarding.

- Do you know the sources and amounts of your income upon retirement?
- Do you know what your financial liabilities will be?
- What is your monthly income requirement before taxes, for a comfortable retirement?
- Have you considered the cost of health insurance?
- Do you have a Will?
- Have you reviewed your life insurance policies recently?
- Have you given serious thought to what portion of your assets you plan to use and what portion you want to pass on?
- Do your survivors know where to locate important financial and legal documents?

The National Council on Teacher Retirement (NCTR) LIFEPLAN (Learning and Investing For an Energetic and Productive Life while Accumulating a Nest egg) provides public employees with information regarding how to assess ultimate financial needs and the advantages of saving to meet those needs through use of supplemental tax-favored savings arrangements. The web site (<http://www.nctr.org/>) also provides access to information on other financial planning issues such as:

**Retirement Planning
Life Issues**

**Retirement Transitions
Investment Basics**

We encourage you to take advantage of this free planning tool.

REMINDER

Please remember that ultimately retirement is your responsibility. Therefore, when you begin to seriously consider retirement, keep the following points in mind:

Allow yourself plenty of time. Remember that your application must be on file not more than 90 days, and not less than 30 days, prior to the effective date of retirement, which is the first day of the month. We suggest that you make an appointment for a personal visit or write a letter (no more than 12 months prior to your retirement date) to make sure your record is accurate and to request a benefit estimate.

You may obtain a retirement application from the Retirement System office. Complete and return the application to our office at least 30 days before you wish your retirement to be effective. You will also need to notify the Personnel Office of the State Police Department of your pending retirement date.

The System address is: ASPRS
 Attention: Counseling
 124 West Capitol Avenue, Suite 400
 Little Rock AR 72201

The Department address is: Arkansas State Police
 Personnel Office
 #1 State Police Plaza Drive
 Little Rock, AR 72209

Make sure that you understand your retirement. Our office is staffed with trained counselors who are able to explain important aspects of the System to you, as well as answer your questions. Although this handbook provides general information, you may want to make an appointment and visit with one of our counselors who can provide you with more specific information. Or, feel free to call. We can provide you with general information over the telephone. Our telephone number is (501) 682-7800 or 1-800-682-7377, if you are outside the Little Rock area.

If you wish to retain your Health Insurance coverage after retirement, discuss this with your personnel office. As a convenience to you, the retirement system can withhold the premium from you benefit and pay it for you.

Please write (always including your social security number) and request a benefit estimate at least four (4) months prior to your retirement. Please provide us with an anticipated retirement date. This will not obligate you in any way. Mail your request to the System address located on the previous page.

GLOSSARY

Actual Service – The actual calendar time of employment which is credited in state retirement systems. This can include purchased or free military service credit.

Actuary – A statistician who estimates future needs of the System with respect to rates of mortality, disability, turnover, ages at retirement, rate of investment income and salary trends.

Annuity – An annual amount payable from funds of the System throughout the life of a person.

Beneficiary – Any person who is designated by a member to receive a monthly benefit or a lump sum refund upon the member's death.

Benefit – A monthly amount payable from funds of the System.

Benefit Options – Alternatives enabling a SPRS member to name a beneficiary to receive a monthly benefit upon the member's death.

Contributory Provisions – The Tier One program that originated with SPRS on March 19, 1951.

Covered Compensation – The SPRS member's salary that is reportable to the System on an annual basis.

Credited Service – The amount of service credit earned by a member in state retirement systems through employment or by the purchase or free crediting of military service, and used to compute a retirement benefit.

Death-In-Service – Death of an active member who works in a covered position whose survivor(s) qualify for benefits.

Department – The Arkansas State Police Department.

Disability – An illness or injury which mentally or physically renders a person unable to perform his/her duties with the Department, or as an employee.

Deferred Retirement Option Plan (DROP) – In lieu of terminating employment and accepting a service pension, a qualified member of Tier One may elect to participate in a deferred option plan for a period not to exceed five years. The benefits that would have been paid had the member actually retired, are paid into an account for the member. When the participant terminates employment and retires, s/he may elect to receive the amount in the deferred option account as a lump sum or annuity.

Employee Contributions – Under the Contributory plan of Tier One, the amount set by law that is deducted from a member’s salary and deposited in his/her account with SPRS.

Employer Contributions – The amount set by law that is necessary to fund the schedule of benefits provided to SPRS members.

Final Average Salary – Under the contributory provisions of Tier One, an average of salaries earned in the 36 months before termination of employment. Under the non-contributory provisions of Tier One, an average of the highest annual pay to a member during any period of five years of credited service. Under Tier Two, an average of the highest annual pay during any period of four years of credited service.

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

Member – An employee whose employment automatically makes him/her a member of SPRS. Upon a member’s retirement or death, s/he ceases being a member.

Non-Contributory Plan – The Tier One retirement program that originated with Act 793 of 1977 whereby employers alone make contributions to the System.

Normal Retirement Age – The age at which you are eligible for retirement with full benefits.

Reciprocal System – An agreement between two or more of the following – The Arkansas Public Employees Retirement System, the Arkansas Teacher Retirement System, the Arkansas Highway Employees Retirement System, the Arkansas State Police Retirement System, the Arkansas Judicial Retirement System, Arkansas alternate retirement plans (Act 857 of 1997) and, effective July 30, 1999, the Arkansas Local Police and Fire Retirement Plan - that allows an employee to use his/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. The reduction rate for early retirement is $\frac{1}{2}$ of 1% for each month early that you retire – i.e., the reduction rate for one year is 6%.

Refund – Return of employee contributions and interest (if applicable) to an employee, as requested, after termination from a SPRS covered position.

Retirant, Retired Member, Retiree – A former member who is receiving a plan annuity by reason of having been a member.

SPRS – State Police Retirement System.

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

System – Arkansas State Police Retirement System.

Service – A period of time as an employee of the Department or for an employer covered by a reciprocal System.

Tier One – The retirement provisions in effect for all members employed prior to April 3, 1997.

Tier Two – The retirement provisions for all members hired on or after April 3, 1997, and for those members of Tier One that elected to transfer to Tier Two. This election must have been made by April 3, 1998.

Vested – Entitled to receive a monthly benefit upon attaining a specified age with 5 years of actual service credited to your account.

ASPRS Benefit Estimate Request

If you are within a year of retiring and would like ASPRS to estimate the amount of your retirement annuity, complete the following form in its entirety and mail it to:

Arkansas State Police Retirement System
Attn: Member Services
124 West Capitol, Suite 400
Little Rock, AR 72201

Social Security No - - S

Member's Name _____

Street Address _____

City State Zip

Telephone Number _____

Date of Birth _____

Spouse's Name _____

Spouse's Date of Birth _____

Your Current Employer _____

Last Day of Employment
and/or Last Expected Day to Work _____

Effective Date of Retirement _____
(Always the 1st day of the month) Request Date #1 Request Date #2

Do you have service in another State Retirement System? _____ Yes _____ No
(Examples include: Teacher Retirement, Local Police & Fire, Highway Department, TIAA-CREF, Valic)

If yes, list the Retirement System(s) _____

I am also interested in the following (check all that apply):

- _____ DROP
- _____ Disability Retirement
- _____ Military Purchase (Active Duty)
- _____ Repay Termination Refund
- _____ Other (Please Specify) _____

Member's Signature Date

