

APERS Spective

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Fall-Winter 2009

A Newsletter for Retired Members of the Arkansas Public Employees Retirement System

Director's Corner

As many of our members and retirees are aware from recent press reports, there have been allegations made that some elected officials have improperly "retired" in an effort to obtain retirement benefits while they remained in office and collected their salary as well. They have been called "double dippers" by the press and others. I write this article to explain this situation and to report on what APERS's Board of Trustees and its staff are doing about it.

It has been alleged that some elected officials "retired" without actually terminating their employment by simply taking

themselves off the payroll for the minimum statutorily-required period of time without vacating their offices, and then returning to that office after "retiring," which enabled them to collect both their salary and their retirement benefits simultaneously. While Arkansas statutes do not define the phrase "terminate covered employment," which is required in order to retire, the Attorney General has specified what he thought the law required in Opinion 2009-050, issued June 1, 2009.

APERS has an affirmative duty to inquire into all reasonable allegations that possibly improper payments have been and are being made from its funds. In discharge

of that duty, we have taken the news reports by the press seriously and APERS's staff is in the process of conducting an internal investigation into not only the allegations raised in the press, but also into all elected officials who have retired over the last ten years. We presume no wrongdoing at the outset and will evaluate each situation individually based upon the facts unique to it. In addition, the APERS Board of Trustees recently adopted an emergency regulation, Regulation 220, "Termination of Covered Employment Required for Retirement," which specifically spells out what a retiring member must do to terminate covered employment in order to be entitled to retirement benefits. That regulation

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APERS Recovering From Investment Losses

APERS, along with every other public fund in the country, suffered from the onset of the credit crisis and subsequent capitulation of the financial markets that began in earnest last fall. Even with a 12% rally in assets prices during the final quarter of the fiscal year, APERS lost over 20% of its asset value. The result of such a dramatic decline is that the level of *pre-funded* future benefits is now 78 cents for every dollar projected rather than the 90 cents that was projected last year. While this funding ratio decrease is unfortunate, APERS is actually near the top of all public retirement systems in fiscal strength.

Fortunately, the markets are never static. In just the first three months of the new fiscal year the investment program has enjoyed a nearly 10% rate of return. As the US economy recovers – and it inevitably will – so, too, will the APERS investment program. In the meanwhile, the APERS board of trustees will continue

to carefully monitor the progress of each of its professional money managers to ensure the financial integrity of the system.

APERS Offers Free Parking

If you're coming to APERS for business (applying for retirement, meeting with Benefit Accounting, etc.), you may be able to get free parking in the Union Building parking deck if space is available.

When heading southward on Louisiana Avenue, the Union Building parking deck will be on the driver's left-hand side in the APERS building at 124 West Capitol and Louisiana Avenue (across the street from Bank of America Building). After parking and conducting your business, have the APERS receptionist on the fourth floor validate your parking ticket, and present this to the parking staff for free parking.

Need Answers To Medicare Questions?

Consumers with questions concerning Medicare coverage, supplemental insurance, or long-term care insurance may be able to get answers by calling the Arkansas Senior Health Insurance Information Program (SHIIP), administered by the Arkansas Insurance Department.



Insurance

from low-income seniors looking for assistance to pay for their prescription drug costs.

SHIIP was created in the early 1990s to help provide seniors a state-based resource for accurate information about Medicare and other related costs and services. It is funded through federal grants from the Centers for Medicare and Medicaid Services (CMMS).

SHIIP is a health insurance information program that provides free one-on-one counseling, education, and information to individuals with Medicare. SHIIP answers questions on the following topics:

- Medicare health coverage
- Medicare supplemental insurance
- long-term care insurance
- Medicare Advantage Plans
- Senior Referral services
- Medicare Prescription Drug coverage
- Retiree Health Plan coverage
- General Medicaid questions
-

Melissa Simpson, director of SHIIP, said the program mostly answers questions and gives information on Medicare services, with many calls

SHIIP will soon start information presentations called Medicare Maze to give detailed information to seniors almost age-eligible for Medicare. Ms. Simpson noted there are about 500,000 Medicare beneficiaries in Arkansas.

If you have questions, the contact numbers for SHIIP are 1-800-224-6330 and (501) 371-2782. If you want to e-mail the program, you may do so at: insurance.shiip@arkansas.gov

For website access, type in: insurance.arkansas.gov/seniors/homepage.htm, or go to the Arkansas Insurance Department website. Here readers will find publications about various insurance products and services, such as Bridging the Gap, a comparison guide about Medicare Supplemental plans; the Arkansas Long-Term Care Partnership; and the Medicare Protection Toolkit. In addition, there is a wealth of information on Medicare programs and service options.

(Information provided by SHIIP staff and the agency website).

Where Is Your Income Statement Going?

APERS will be mailing out the Income Statements (Form 1099-R) in January. It's important to inform us of any changes to your address **before** the Form 1099-R income statements are mailed to avoid delays in receiving your statement. APERS is obligated to send the forms to the address we have on record. If you need to notify APERS of any recent address changes, you can use the Change of Address form at: www.apers.org or send a handwritten letter with your signature stating your new address. Remember to post your Social Security number on correspondence to APERS. A form can be mailed if you call us at (501) 682-7800. Persons outside Pulaski County can call toll-free, 1-800-682-7377.

2009-2010 APERS Direct Deposit Dates

December 1, 2009

January 4, 2010

February 1, 2010

March 1, 2010

April 1, 2010

May 3, 2010

June 1, 2010

July 1, 2010

August 2, 2010

September 1, 2010

Deposits are made on the first workday of each month that doesn't fall on a holiday.

Director's Corner

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has been posted to APERS's web site along with all of the Board's other regulations and will be applied prospectively.

We are only looking at retired elected officials and not at other public employee members and retirees because of the unique nature of a public official's position. While regular public employees have an employer who independently supplies retirement verification to APERS, And officials do not always have the same independent verification upon which APERS has traditionally relied. Therefore, only elected officials who have retired over the last ten years will receive inquiries from APERS. Based upon the responses to the survey forms

we have received so far, we do not expect that there will be more than a relatively small number of retired public officials who will be determined not to have terminated their employment properly.

We will make any such determination based upon a totality of the circumstances peculiar to the individual in question and we will evaluate each situation on its own merits. While we presume no wrongdoing as an initial matter, if I conclude that a retiree did not terminate covered employment properly, my fiduciary duty compels me to attempt to recover any payments improperly made from APERS's funds and state law requires that APERS suspend retirement benefits until there has been a proper termination of employment. Of course, any affected retiree has the right to appeal

my decision to the APERS Board of Trustees and further to circuit court under Arkansas' Administrative Procedures Act.

We hope to be able to conclude our investigations before the end of this year and we will work diligently towards that end. However, we will not allow our desire to conclude these matters in a timely fashion to override any affected retiree's right to reasonable notice of our intended actions and right to a reasonable opportunity to be heard. I remain in close contact with our Board of Trustees concerning this matter and APERS has the Board's full support in conducting our investigation into the alleged double dipping. Naturally, I will keep all of our members and retirees up to date on our investigation through periodic articles such as this.

APERS PROFILE

Phillip Norton



Phillip Norton joined APERS in 2007 as manager of the agency's Information Systems Section. He is responsible for all of APERS internal Information Technology environment, as well working on various IT modernization projects. Norton started working in State Government in 1994 in his freshman year in college at the Secretary of State's office. He worked in

various other state agencies through the preceding years, including the State Treasurer's office, and before joining APERS, he worked the previous 10 years as the Information Systems Manager at the Arkansas Building Authority.

Norton graduated in 1993 from Dover High School in Pope County, and earned a degree in political science in 1998 from the University of Central Arkansas. He married his wife Jaime in 2001, and they have two daughters, Ava Camille and Vivian Iris. Norton said his interests include cooking, travel, emergency Jeep repair, and being a Dad.

Questions about state health & life insurance?

Health Insurance - If you have questions about your state health insurance coverage, call Employee Benefits Division at (501) 682-9656, or at 1-877-815-1017. Or visit the EBD website at: www.ARBenefits.org.

Life Insurance - Questions about your life insurance should be directed to the **Minnesota Life** service center at **1-888-826-2734**.

"When I was a boy, the Dead Sea was only sick."
- George Burns

In this issue...

***The Director Discusses “Double Dipping”
SHIP Helps Seniors With Medicare Questions!
Questions and Answers About 1099-R statements!
And More!***

Questions, answers on 1099-R statements

Question: What is the 1099-R?

Answer: For retirees, it is the equivalent of the W-2 Income Statement taxpayers receive to report taxable income on their federal and state taxes.

Question: When are they mailed to retirees?

Answer: The Benefit Accounting Unit of APERS will prepare the 1099-R statements to mail during the last week of January, and all statements will be mailed by January 31st.

Question: If I don't receive my 1099-R or misplace it, what should I do?

Answer: Retirees who receive a 1099-R and then lose or misplace it should call APERS to request a replacement. Retirees who don't receive their 1099-R should wait 10 business days after January 31st before calling APERS to request a replacement copy. To request a new 1099-R, please call APERS at (501) 682-7800, or 1-800-682-7377 (outside Pulaski County). If you have moved recently, please send APERS your new address in writing.

Question: Who do I call if I know there's incorrect information on my 1099-R?

Answer: Call APERS at (501) 682-7800, or 1-800-682-7377 (outside Pulaski County) ***and ask for*** Benefit Accounting.

APERSpective is a publication of the Arkansas Public Employees Retirement System and is distributed for the information of APERS annuitants, beneficiaries and survivors.

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