

Director's Corner

We are pleased to report that the Arkansas Public Employees Retirement System concluded the fiscal year at June 30, 2005 with yet another period of strong investment returns. The fund returned 9.85%, putting APERS' investment program performance in the top 25% of all public funds.

"With such strong results", you might ask, "Why is APERS making employee contributions mandatory for all new hires?" The fact of the matter is, the number of state, county and municipal employees covered by APERS has remained steady or even declined slightly over the last fifteen years, while the number of retirees has grown dramatically. In 1990, there were 3.1 active workers for whom the employers contributed into the system, for every 1 retiree. Today there are only 2.2 actives for each retiree. The impending rush of Baby Boomers into retirement will bring this ratio down to just 1 active for each retiree in little more than fifteen years from now.

While investment earnings represent approximately 76% of all revenue received by the system each year, APERS would have to earn better than 17% on its investments every year to avoid additional required contributions. With employers already paying in 12.54% of payroll, it was determined that the time was appropriate to bring APERS in line with most other

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Choice To Go Contributory Coming To an End

As you may know, this year the 85th General Assembly passed

Act 2084, establishing a new Contributory provision for the Arkansas Public Employees Retirement System. All APERS members hired on or after July 1, 2005, are automatically enrolled as Contributory members and will contribute 5% of their pre-tax earnings to the system.

Non-contributory active Members employed before July 1, 2005, will remain in Non-contributory status unless they choose to become a Contributory member. All Non-contributory members have until Dec. 31, 2005, to make this choice. After that date, the option to choose is closed.

To get the word out to our members,

APERS mailed brochures and newsletters, and conducted numerous seminars around the state.

If you haven't made it to any of the seminars, it's not too late to attend one of the remaining sessions, in which counselors will discuss the Contributory program. The schedule of remaining seminars can be found on page 2.

Members who can't attend any of these seminars and would like more information about the Contributory provision can go to the APERS website (www.apers.org).

APERS continues to work to get the word out on Going Contributory, and hopes that all our members will utilize the resources made available to make the best decision about their retirement future. **Remember, after December 31, your choice to go Contributory is gone!**

Need To Speak With A Retirement Counselor?

To make sure our counselors provide you with the best service possible, ***an appointment is essential***. Making an appointment allows the counselor to gather all your information and be prepared to answer any and all your questions quickly and efficiently, in the hopes of making your visit with APERS a pleasant and informative one.

To get the most out of your visit with our counselors, here are some things to remember when you call to schedule an appointment:

When you call: Have your Social Security number ready; that's how your information is filed.

When you schedule an appointment: Tell us in advance what you want to discuss. This includes things such as potential date of retirement or DROP participation; PAW (Partial Annuity Withdrawal), reduced benefits, disability, reciprocal service, etc.

When you visit: All business relating to your retirement benefits is located on the fourth floor of our building at 124 West Capitol Avenue - directly across the street from the Bank of America building on Capitol Avenue.

Parking: For persons with APERS business, free valet parking is available on Louisiana Street.

APERS Seminars For Remainder of 2005

Date	City/Type of Seminar	Location
Nov. 17	Little Rock (Women's Seminar)	ADEQ Commission Room-State Police Headquarters
Dec. 6	Little Rock (Contributory Seminar)	One Union National Plaza 17th Floor Conference Room

Remember, the deadline for Non-Contributory members to become Contributory is December 31! The Contributory election form must be in our office by 4:30 p.m. on December 31, 2005.

Give Us A Call

If you ever have questions about APERS or your retirement, give us a call at:

501-682-7800

or

1-800-682-7377

Have You Moved?

Whenever you move, please inform APERS in writing. You can use the agency Change of Address form available online at www.apers.org. You also can call APERS at (501) 682-7860 and a form will be mailed. Remember to include your Social Security number on the form.

APERS PROFILE

Employee Profile for Becky Walker

Becky Walker joined the Arkansas Public Employees Retirement System in 1997 and now serves the agency as Administrative Services Section Manager. She is responsible for the accounting, budgeting, purchasing, personnel and payroll functions of APERS, plus the employer reporting and retiree payroll functions conducted by APERS for three additional retirement systems.



Ms. Walker started government employment in October 1989 as an Accounting Supervisor II in the General Accounting Section of the Finance Division of the Department of Human Services. She was promoted to Accounts Receivable/Cash Receipts Section Manager of the division in April 1990, a position she held until joining APERS and her current position in 1997. Before coming to work for the state, Ms. Walker worked about 11 years in the accounting and personnel fields for employers in the television, radio and hotel industries. She graduated in 1978 from the University of Central Arkansas in Conway with a Bachelor of Business Administration degree in accounting.

Need More Information?

www.APERS.org

Director's Corner

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state retirement systems around the country. Hence, the 5% employee contribution that is now required of new hires.

Arkansans should feel proud the financial health of its state retirement system. Because employers continued to pay the required contribution rate, even throughout the Wall Street "boom" years, APERS is not now in the dire straits of many other retirement systems across the country that chose to take contribution "holidays" and divert the funds to other endeavors.

State plans like those of California, Rhode Island, and New York have been locked in battle with legislators who seek to come out from under the burden of their asset shortfalls by converting these Defined Benefit plans into 401(k)-style Defined Contribution plans. Indeed, this disaster ultimately happened in the state of Alaska this year. It remains to be seen how Alaska's retirees will be able to afford retirement in the coming years – especially since they don't participate in Social Security!

Meanwhile, APERS-covered employees should rest easy, knowing that, unlike Alaska's plan members, they don't have to make the investment decisions. At APERS, the Board of Trustees works incredibly hard at ensuring that all trust fund assets are invested with due care and for the sole benefit of the membership, thereby creating a strong and long-lived retirement program.

New Service Purchases

To comply with Acts 1021, 2091 and 1027 of 2005, policies and procedures are now in place for purchasing **Out-Of-State Governmental Service, Federal Governmental Service, and Arkansas National Guard or Armed Forces Reserve Service** for credit in APERS. Following is a brief explanation of the policies and procedures governing purchase of each type of service.

Out of State Government Service

Pursuant to Act 1021 of 2005, permissible purchases of out of state public employment shall include service, that had it been performed in Arkansas would typically be covered by other state public retirement systems, such as teacher, law enforcement, and judiciary employment. Such purchases are irrevocable once completed.

Establishment of out of state service purchases must be documented through submission of a completed APERS Form OSS-1. Once this completed form is received in our office, APERS Staff will contact the former retirement system of record for confirmation of the service proposed to be purchased in APERS. The cost to purchase the service will be provided by APERS.

Federal Government Service

Pursuant to Act 2091 of 2005, permissible purchases of federal government employment must have adequate documentation of actual employment. Service as a contractor, or any other activity not covered for federal retirement benefits, is not eligible for purchase. Such purchases shall be irrevocable once completed.

Establishment of permissible purchases of **federal service** must be documented through the submission of a completed APERS Form FGS-1. Once this completed form is received in our office, APERS Staff will contact the former retirement system of record for confirmation of the service proposed to be purchased in APERS. The cost to purchase the service will be provided by APERS.

Arkansas National Guard, Armed Forces Reserve Service

Under the provisions of Act 1027 of 2005, APERS members are eligible to purchase service credit for service in the Arkansas National Guard or Armed Forces Reserve. The member shall receive one year of purchased service credit for 5 years of compensated service in either the Guard or Reserves. We must have a copy of the NGB Form 22 to document Guard service. Reservists will need to provide a DD-214 or other official documentation. Purchased service in the Arkansas National Guard or Reserves can't overlap actual, purchased, or free military service in APERS or a reciprocal system. After confirming your actual service, we will provide a cost statement.

The cost to purchase service is the employer and employee contribution rate at the time of purchase times the greater of: the annual salary the member received for his/her 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 earned at the time of purchase plus interest (6%). Interest will be calculated from the end of the last year of credited service to the date of payment in full.

Members are eligible to purchase one year of service in a lump sum payment (5 years of purchased service are required to receive a year of service credit in APERS).

Purchasing Conditions for Out of State, Federal Government Service

Under the following conditions, an active vested APERS member is eligible to purchase up to five years of out of state government service, or federal service.

- 1.) Service must have been rendered in a position that would have been covered by an Arkansas retirement system had it been rendered in our state.
- 2.) Service must have been given in the out of state governmental retirement plan or in a retirement system sponsored by the federal government.
- 3.) Service must not be that on which the member is drawing, or is eligible to draw, retirement benefits.

The member pays to the member's deposit account an amount equal to the actuarial present value of the credited service purchased. The purchase model takes into account: years of service being purchased; change in eligibility for normal retirement; potential additional temporary annuity years, and compensation at time of purchase (not less than the final average compensation).



In This Issue...

Going Contributory - Time's almost up!
Tips on seeing a counselor; The Director's Corner;
New laws on Purchasing Service; Seminar Schedule;
Retirement & DROP deadlines, and more!

IMPORTANT FILING DATES TO REMEMBER

Retirement Filing Dates

Date	Earliest Filing Date	Latest Filing Date
January	October 3, 2005	December 2, 2005
February	November 3, 2005	January 3, 2006*
March	December 1, 2005	January 30, 2006
April	January 3, 2006	March 2, 2006
May	January 31, 2006	April 3, 2006
June	March 3, 2006	May 2, 2006

*If a Filing Date falls during a weekend or on a holiday, the filing deadline becomes the next working day.

DROP Filing Dates

Date	Earliest Filing Date	Latest Filing Date
January	September 30, 2005	November 30, 2005
February	October 31, 2005	December 30, 2005
March	November 30, 2005	January 31, 2006
April	December 30, 2005	February 28, 2006
May	January 31, 2006	March 31, 2006
June	February 28, 2006	April 28, 2006

*The Filing Deadline for DROP applications is always the last working day of the 2nd month before enrollment, NOT THE LAST CALENDAR DAY OF THE MONTH!

APERSpective is a publication of the Arkansas Public Employees Retirement System and is distributed for the information of APERS active members.

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