

The 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.

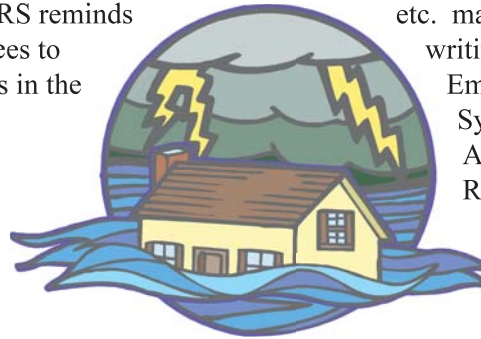
While investment earnings represent approximately 76% of all revenue received by the system each year, APERS would have to earn better than 17% on its investments every year to avoid additional required contributions. With employers already paying in 12.54% of payroll, it was

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Tips for retirees affected by the hurricanes

APERS offers its sympathies and thoughts of support to any APERS retiree or beneficiary who may have lost homes or loved ones in the recent Gulf Coast hurricanes. Once you've gained some stability in your situation, APERS reminds displaced retirees to take these steps in the coming weeks.

If you have established a new address, or expect to live at a temporary address for several months into 2006, inform APERS in writing of your new address. Remember that we need the retiree's social security number on any correspondence you send us. It's important APERS receive new addresses before 1099-R statements are mailed in January 2006. The 1099-R statements list retirement benefits paid



in 2005, information needed for filing federal and state income taxes.

If a retiree or beneficiary needs retirement information, such as benefits currently being paid, past 1099-R's, etc. make a detailed request in writing to: Arkansas Public Employees Retirement System, 124 West Capitol Avenue, Suite 400, Little Rock, AR 72201. Once again, include your social security number with the request.

In regards to insurance issues, a retiree or beneficiary who needs to contact his or her insurance provider must contact the Employee Benefits Division (Department of Finance & Administration), not APERS. The toll-free number for Employee Benefits is 1-877-815-1017.

McFadden vs. Weiss claims

If you are a retiree who plans to file a refund claim through the McFadden versus Weiss ruling, the deadline to file a claim is March 15, 2006. The claim must be filed on or before that date with the Department of Finance and Administration (DF&A), not with the Arkansas Public Employees Retirement System. **Do not send the claim form to APERS.**

More information on McFadden vs. Weiss, as well as a claim form, can be found on the Department of Finance and Administration website (www.arkansas.gov/dfa).

If you need retirement income information from APERS to file a claim with DF&A, here is some information that may save you a trip to APERS.

First, only a retiree (or the retiree's beneficiary) with employee contributions, can make a claim for the refund. **A retiree who did not have employee contributions cannot file a claim.**

Under the ruling, you may be entitled to a refund if you fall under one of the following circumstances:

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A Closer Look...

How the Benefits Unit helps retirees

The Member Services Section consists of two work units; Counseling and the Benefits Unit. Of the two, the unit that deals with retirees the most is the Benefits Unit.

When members turn in applications to retire, Benefits (a unit of 4 employees) calculates the actual benefits members will receive, and informs members in writing. Benefits also calculates Deferred Retirement Option Plan (DROP) payments for members enrolled in this program, and Benefits calculates Partial Annuity Withdrawal (PAW) lump sum payments for participants.

When a retiree dies, the Benefits Unit requests that the deceased retiree's record be inactivated, noting which retirement option the deceased chose when he or she retired. Some options, such as B-75 or B-50 Options, provide a continuing benefit for the retiree's

designated beneficiary. In those cases, Benefits sends correspondence to designated beneficiaries of the deceased retiree, informing the beneficiaries that they are eligible for continued benefits.

In addition, Benefits also tracks cutoff dates for beneficiary payments that end at a certain designated time, such as under the A-60 Option and the A-120 Option.

Because of APERS' need to contact retirees and beneficiaries as needed, retirees should always inform APERS in writing of a change in status (i.e., marriage, divorce, change of address, or beneficiary change). Many of the change forms can be found on the APERS website (www.apers.org), or retirees can contact the APERS Communications Section to have a form mailed.

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determined that the time was appropriate to bring APERS in line with most other 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.

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.

Mcfadden vs. Weiss

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- You retired between July 2, 1986, and December 2002 with employee contributions (credited service before 1978).
- Before retiring, you repaid a contributory refund.
- Before retiring, you purchased service (i.e. military, etc.).

Secondly, if you need specific information such as your Annuity Commencement Date (ACD) or Original Cost of Contributions, or you need copies of any 1099-R forms for tax years 1999-2002, **make your request in writing** to:

APERS

Attn: Benefit Accounting
124 West Capitol Ave, Suite 400
Little Rock, AR 72201

Please make your request well in advance of the March 15, 2006 deadline. It will take APERS Benefit Accounting staff some time to research the information and mail it to you. Persons who walk in will not be able to get the information immediately.

Have you moved?

Whenever you move, inform APERS in writing. You can use the agency Change of Address form on the APERS website at www.apers.org. Or, call Information Services at (501) 682-7860 and a form will be mailed to you. Always include your Social Security number on all correspondence mailed to APERS.

1099-R Statements



will be mailed
by
Jan. 31, 2006

Parking at APERS

Members conducting business with APERS can get free parking (if available) at the agency's parking deck attached to One Union National Plaza.

Drivers traveling on Louisiana Street (a one-way street) will turn left into the parking deck, located on Louisiana between Fourth Street and West Capitol Avenue. Once you finish your business, ask the APERS staff member helping you to initial your parking ticket. Then bring the ticket to the receptionist's desk on the fourth floor to have the ticket validated.

The Qualified Domestic Relations Order

It's a fact of life that even retired couples sometimes divorce. As a matter of fact, the divorce rate for people ages 53-72 in the US is 37%. Arkansas' divorce rate is even worse. The state has the nation's second highest divorce rate among all age groups, with a divorce rate of 6.2 vs. the US rate of 4.2 per 1000 marriages. Nevada ranks first with a rate of 7.1.

So how does this bear on your retirement? Simply put, if a retiree gets divorced, the ex-spouse can file a legal action and get a portion of the retirement benefit. The legal action is commonly known as a QDRO, or a Qualified Domestic Relations Order. QDROs were authorized by Act 1143 of 1993.

APERS often gets asked if an ex-spouse has to complete a QDRO in order to receive benefits. The answer is yes. Having a divorce decree is not enough to entitle an ex-spouse to a portion of the retiree's benefits. A QDRO must be filed in the court in the APERS approved format, and a copy of the

approved QDRO must be submitted for APERS to pay the alternate payee.

Upon receipt of a QDRO, the document is reviewed for content and format by the APERS staff. After the review and acceptance of the QDRO, the retiree and the alternate payee are informed by letter. Payment to the alternate payee becomes effective the first of the month following receipt of the approved document.

Since the QDRO has specific guidelines for content and formatting, APERS strongly encourages anyone pursuing a QDRO to seek legal counsel to assist in preparing the document. If there is a problem with the content or format of the submitted QDRO, the attorney for the alternate payee is informed by letter, with a copy also provided to the retiree and the alternate payee. The problem(s) will be listed so a corrected QDRO may be filed. APERS Member Services can provide interested parties written information on QDRO documents and instructions.

DIRECT DEPOSIT DATES

December 2005 - May 2006

December 1, 2005

January 3, 2006

February 1, 2006

March 1, 2006

April 3, 2006

May 1, 2006

Direct Deposit benefits are paid on the first workday of each month.

In this issue...

*Some tips for retirees effected by hurricanes;
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vs. Weiss claims; How does the Benefits Unit help
you? Divorce and your benefits; Ever used a life
expectancy calculator? and more!*

Ever used a life expectancy calculator?

Everyone is curious about what their life expectancy may be. Aside from simple curiosity, having some idea of how long you can anticipate living (barring some unforeseen accident) can help you adjust your lifestyle accordingly.



questions about your family's history, such as how long grandparents and parents lived, any diseases you have, and other factors that may influence your life span.

There are many tools available to help you make an educated guess. One of the most popular is called a life expectancy calculator.

At least one website calculator (www.livingto100.com, by the Alliance for Aging Research) allows persons to answer a battery of questions about their age, gender, weight, height, and personal lifestyles (what they eat, how much they exercise, etc.).

The website asks you to answer

With this data, the calculator gives you an estimated age you could expect to live, as well as factors that could limit your lifetime. While not an exact science, such calculators can help a person understand how long he or she may have to make retirement income last.

This site also makes recommendations that may help persons improve their quality of life. Some of the suggestions are simple, such as drinking more tea or eating more vegetables each day.

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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