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**ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
ONE UNION NATIONAL PLAZA/124 WEST CAPITOL
LITTLE ROCK, AR 72201-1015
(501) 682-7800
1-800-682-7377**

**OFFICE HOURS ARE 7:30 A.M. TO 4:30 P.M. –
MONDAY THROUGH FRIDAY**

The subject matter in this handbook is based on legislation. Therefore, at times technical language is unavoidable. *Please consult the Glossary on page 39 for definitions of words or terms you may not understand.*

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July 1, 1999

To the Members of the Arkansas Public Employees Retirement System:

I am pleased to present the 1999 Edition of the “*Arkansas Public Employees Member Handbook*.”

This new edition, like the previous ones, is designed to provide you with general information most members inquire about their Retirement System. It explains your benefits and how to estimate the amount you will receive 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 Public Employees Member Handbook*” to be a useful tool in understanding your Retirement System and in planning for your retirement.

Sincerely,

Bill Van Cleve
Executive Director

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Joint Responsibilities

Every successful relationship requires an ongoing partnership. While APERS' employees are committed to ensuring that your membership rights are guaranteed, you must also contribute to the partnership by meeting your responsibilities.

APERS Responsibilities to Members

- Administer retirement benefits to each eligible member of the Arkansas Public Employees Retirement System.
- Provide handbooks which contain information regarding your benefits.
- Keep you informed of your benefit rights and options.
- Keep you updated on legislative changes that affect your benefits.
- Provide individualized counseling when you request it either in written format or in an office visit.
- Compile and make available to participating employers a "Comprehensive Annual Financial Report."

Your Responsibilities

- Review your annual benefit statement from APERS, and inform, in writing, a counselor of any incorrect information (i.e. name, date of birth, spouse, service, etc.).
- Read the handbooks, newsletters and other informative materials provided by APERS.
- Inform APERS if your address changes, even if you leave covered employment.
- Be sure that your beneficiary information is current.
- Contact our Office and ask the Counselors general questions if you don't understand your benefits so that you can make informed benefit choices.
- Share your benefit information with your family.
- Notify APERS of any family status changes (i.e. marriage, divorce, etc.) that may impact your benefits.

A BRIEF HISTORY

The Arkansas Public Employees Retirement System was created by Act 177 of 1957. The System originally provided only for the retirement of State employees but through the years has added county employees (Act 42 of 1959), municipal employees (Act 64 of 1961), college and university employees (Act 149 of 1963), non-teaching public school employees (Act 63 of 1965), and other non-state employees (various Acts). Effective July 1, 1989 (Act 653 of 1989) all newly hired public school employees are enrolled in the Arkansas Teacher Retirement System.

From 1957 through 1977, all APERS members participated in a contributory plan whereby employers and employees made contributions to the System. However, Act 793 of 1977 created a non-contributory retirement plan where only employers contribute. Anyone first enrolled in the System after January 1, 1978 is automatically placed in the non-contributory plan.

GENERAL INFORMATION

- Q. May employees of public groups other than the State participate?**
- A. Yes, counties and State supported colleges and universities are required by law to be participants. Municipalities, including commissions and boards of municipalities, and other Non-State employers, may elect to become APERS participants. Public Schools participate for only certain non-teaching employees hired before July 1, 1989. From and after that date, under Act 653 of 1989, new school employees will be included in the membership of the Arkansas Teacher Retirement System.
- Q. Do I have a choice in becoming an APERS member?**
- A. No. You must join as a condition of your employment unless you are already retired and receiving a benefit from APERS.
- Q. Are there any age limits on becoming a member of the System?**
- A. No.
- Q. Is there a compulsory age at which I must retire?**
- A. No.
- Q. Is counseling available?**
- A. Yes. You may call the Arkansas Public Employees Retirement System for an appointment. We are located on the fourth floor of Union National Plaza, 124 West Capitol, Little Rock, Arkansas 72201-1015 and our telephone number is (501) 682-7800 or 1-800-682-7377 if you are outside the Little Rock area.
- Q. How may a member obtain information about his/her record?**
- A. Although general information about the System can be given over the telephone, for your protection, specific information about your record can be obtained only by written request or a visit to our office. Benefit estimates are prepared for members

who are within one (1) year of anticipated retirement. A request for a specific date does not bind you to retirement on that date.

In addition, APERS sends to you an annual statement reflecting your earnings and contributions, if any, for the year. This statement is prepared for active members only. The information for the annual statements is compiled at the close of each fiscal year (June 30) for that fiscal year (July 1 – June 30) and the statements are sent to you during the next fiscal year.

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. You will, of course, have contributions to pass on to your beneficiary if you are, or were ever, under the contributory plan.

However, if you are under the non-contributory plan, you do not make employee contributions and therefore 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 contributory plan; or 2) you are covered under the non-contributory plan and you make a purchase of service requiring employee contributions. Under such circumstances, it is possible for you to have employee contributions.

Q. Is there any restriction regarding the person or persons I may name as beneficiary?

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

Q. Is there a circumstance in which my spouse automatically becomes my beneficiary even if I have named another person?

A. Yes. See page 25.

Q. May I change my beneficiary at any time, and if so, how?

A. Yes, by filling out a Change of Beneficiary Form that is available at the Arkansas Public Employees Retirement System Office.

COSTS, CONTRIBUTIONS AND INVESTMENTS

Q. Who determines the cost of benefits?

A. A professional Actuarial firm, selected by the Board of Trustees, makes an annual actuarial valuation of the System, and recommends an amount to be paid by the employers.

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 an employee earn interest on his/her contributions?

A. Yes. After an employee'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. How safe are our contributions?

A. Investments are made under the Prudent Investor Rule. This rule states that in making investments one exercises "the judgement 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 regard to 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).

Q. What happens to my contributions if I should leave service?

A. Your contributions remain in the System until you retire or request to withdraw all your contributions. *However, you should check with the System to see what effect, if any, a refund will have on your future eligibility for benefits.*

RETIREMENT BENEFITS

Q. When am I vested?

A. You are vested when you have the minimum service credit required to be eligible for a future benefit. Act 1356 of 1995 lowered the number of years required to be vested from 10 to 5. However, this Act was not retroactive. In order to vest under this provision, a person must have been a member of the System on July 1, 1997 and have been a member for not less than 90 consecutive calendar days prior to July 1, 1997 with 5 or more years of service.

Q. If I wasn't active on July 1, 1997, how can I become vested?

A. If a person was a former member on July 1, 1997 with 5 or more years of service but less than 10 years of service, that person must return to covered employment for a period of not less than 90 consecutive calendar days after July 1, 1997.

Q. When am I eligible for full retirement benefits?

A. Under the contributory plan, a member is eligible for **full** benefits at:

- 1) age 65 with 5 actual years of service credited in the System(s); or
- 2) age 60 with 20 actual years of service credited in the System(s); or
- 3) any age with 28 actual years of service in the System(s).

Under the non-contributory plan, a member is eligible for **full** benefits at:

- 1) age 65 with 5 actual years of service credited in the System(s); or
- 2) any age with 28 actual years of service credited in the System(s); or
- 3) at least 55 years of age with 35 credited years of service in the System(s); or
- 4) at various ages for a public safety officer. The full age is 65 reduced one month for each two months of public safety credited service, but not less than age 55, (the full age may go as low as age 52 for a sheriff or deputy sheriff, provided specific requirements are met).

For an explanation of actual and credited, see the glossary, page 39.

Q. Is there a reduction for early retirement?

- A. Yes, under both the Contributory and Non-Contributory Plans, benefits are reduced $\frac{1}{2}$ of 1% for each month early that you retire prior to age 65 with less than 28 years service. However, you may not retire more than 10 years prior to your normal retirement age. Contributory members may not retire before age 55 with less than 28 years of service. See “How to Compute A Reduced Benefit”, page 33.

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

- A. Yes. The 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. For example, if your retirement is to be effective June 1, your application must be received in the office of the Arkansas Public Employees Retirement System during the months of March or April. ***You alone are responsible for ensuring that the necessary papers get to the Retirement System.***

Q. How are payments made for benefits?

A. All benefit payments are made monthly by the Retirement System. Effective October 1, 1999, all new retirees will be required to receive their benefit payment deposited electronically directly into your bank account (direct deposit insures that your benefit will not be late because of delays in mail delivery or a lost or stolen warrant). Effective March 1, 2000, all members retired before October 1, 1999 will be required to have their benefit payments deposited electronically directly into their bank account.

Q. What do I need to do to have my benefit payment deposited electronically directly into my bank account?

A. Contact the Benefit Accounting Unit of this Office who will provide you with the necessary forms and instructions.

Q. When are benefit payments distributed?

A. Benefit payments in the form of warrants are mailed on the last working day of each month. Benefit payments which are deposited electronically into your bank account are deposited on the first working day of each month. All benefit payments represent payment in advance for the month in which received.

Q. Will my monthly benefits ever increase?

A. Yes. Your APERS benefit will increase 3% annually for the Cost of Living Adjustment (COLA). *The increases are paid each July 1 to those who have been retired for at least 12 full months.*

Q. Is my monthly retirement benefit taxable?

A. Act 27 of 1989 requires that State Income Tax be paid on all but the first \$6,000 of retirement income from employer sponsored pension plans. 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 Retiree's request, APERS will withhold both federal and state income tax.
- Q. If I am a member of the non-contributory plan, is it possible for me to receive more money in retirement from APERS than I did in employment?**
- A. No. Section 5.03 of Act 793 of 1977 prohibits your receiving more than your final average salary. In addition, Act 738 of 1995 provides that the System will comply with Section 415 of the Internal Revenue Code which prohibits you from receiving more than the specified dollar limit depending on age at retirement.
- Q. Will you send me a report of retirement benefits received?**
- A. Yes. Each year we mail to you a Form 1099R, Statement for Recipients of Annuities, Pensions or Retired Pay, showing retirement benefits paid to you the past calendar year. *(It is very important to keep your mailing address current with the Retirement System).*
- Q. If I am a retired member receiving a monthly annuity, 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. Change of Address forms are available and we will send one to you at your request. However, if you will simply send us a slip of paper with your name, social security number, and your old and new address with your signature, we will gladly update our files.
- Q. Upon the death of a retirant, what action is taken?**
- A. Your family should contact the Retirement Unit of this Office as soon as possible. Additional benefits payable, if any, will depend on the plan that you selected at the time of your retirement.

DEFERRED RETIREMENT OPTION PLAN (DROP)

Q. What is the DROP?

A. The Deferred Retirement Option Plan (DROP), is a plan which became effective September 1, 1997, and allows you to retire and begin accumulating a percentage of your retirement benefits, without terminating employment, for up to 60 months from the date you first entered the DROP. While participating in DROP, your monthly retirement benefits remain in the APERS Trust Fund, earning tax-deferred interest, while you continue to work (but you do not earn additional service credit for retirement). When the DROP period ends, you must terminate all covered employment with APERS employers. At that time, you will receive payment of the accumulated DROP benefits, and begin receiving your monthly retirement benefit (in the same amount as determined when you entered the DROP, plus annual cost-of-living increases and any Ad Hoc increases).

Q. Who is eligible to participate?

A. Any member of APERS who has at least 28 years actual service.

Q. Can I use reciprocal service in another System to be eligible?

A. Yes.

Q. How is my DROP benefit computed?

A. Effective July 1, 1999, the DROP benefit amount with at least 30 years of actual service is currently 75% of your benefit amount (i.e. straight life, A60 Option, etc.). If you have at least 28 but less than 30 years of actual service, your contribution percentage is 75% less $\frac{1}{2}$ of 1% for each month that you are away from 30 years of service.

Q. How much interest will I earn?

A. The interest rate to be credited to the DROP account at the conclusion of each fiscal year will be 6%; this rate is subject to

change. If a participant does not have contributions to his/her account for all twelve months during the fiscal year, then the interest shall be pro-rated based on the number of months of participation and the balance for those months.

Q. How is the DROP paid to me when I retire?

A. Your DROP payment can be paid in a lump-sum to you, rolled over into an IRA or be paid to you in the form of an additional monthly benefit.

Q. What are the requirements to leave the DROP and begin my retirement benefits?

A. You must terminate covered employment within five years of the effective date of participation in the DROP. A participant who does not terminate covered employment within five years of the effective date of participation shall forfeit the balance in the DROP account. There is no minimum participation time frame. NOTE: You must file a regular retirement application before you terminate and complete a DROP Distribution form.

Q. At the time of retirement, can I change the Option I selected when I enrolled in the DROP?

A. No. The Option you chose when you entered the DROP is the same one you will receive when you retire. If your marital status changes while participating in the DROP you should contact the Retirement Section for additional information.

Q. What happens to my account if I die while in the DROP?

A. In the event a DROP participant dies during the period of participation, the benefit payable from APERS shall be determined as though the participant had separated from service and been found eligible for monthly benefits on the day prior to his/her death. If the participant elected an option benefit upon entry to the DROP, the survivor option benefit will be paid accordingly. The balance in the DROP account will be paid to the **designated beneficiary**. If the participant elected a straight life benefit and there is a spousal benefit payable in accordance with A.C.A. 24-3-203(e), the balance in the participant's DROP account will be adjusted to the balance

that would have been in the account had he/she elected a B-75 Option upon entering the DROP. The difference will be paid to your designated beneficiary.

Q. Can I change jobs and remain in the DROP?

A. A participant who changes covered employment within the five year period may continue to participate in the DROP provided the participant remains on the payroll of a covered employer without interruption. The participant shall notify APERS in advance of any changes of employment.

DISABILITY

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

A. Yes. If you have at least 5 years of actual service credited in the System and you become disabled, you may apply for disability retirement benefits.

Q. What is required to qualify for disability retirement benefits?

A. To qualify for disability with the Arkansas Public Employees Retirement System you must be found eligible for Federal Social Security Disability Benefits because you are totally and permanently disabled. In the event you are not approved by the Social Security Administration (SSA) you may, after appealing through the Administrative Law Judge level of SSA, appeal to the APERS Board of Trustees. In addition, you must be an active member with at least 5 years of actual service and at least 18 of the 24 months of service immediately preceding occurrence of disability must be covered under APERS. Act 868 of 1999 states that you may be approved for disability if a Board approved physician states that you were suffering from an injury or illness prior to your termination date that led to a disability onset date within 24 months of termination. **Although Social Security has a five-month waiting period, you should file for disability with APERS immediately.** If you are approved for disability benefits by the Social Security Administration, you will receive benefits from APERS

retroactive to the first of the month following the later of your termination date or disability onset date.

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.

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

A. Yes, but you cannot again become a member of APERS and receive service credit to further increase your retirement benefit. Furthermore, you can not return to a participating employer within 30 days of your effective retirement date.

NOTE: Please be reminded that if you retired under the Early Incentives provided by Act 187 of 1987 (State), then you cannot return to work for the state; and if you retired under the Early Incentives as provided by Act 717 of 1987 (County), then you cannot return to work for a county.

RECIPROCAL SERVICE

Q. May I transfer service credit from another Arkansas retirement system – Arkansas Teacher Retirement System, the Arkansas Highway Employees Retirement System, the Arkansas State Police Retirement System, the Arkansas Judicial Retirement System, or the Arkansas Local Police and Fire Retirement System?

A. No. You may not transfer service credit. However, you may use the service credit toward becoming vested.

Act 611 of 1975, as amended, provides for Reciprocal Service credits between six state Retirement Systems; 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, the Arkansas Local Police and Fire Retirement System and certain alternate plans as specified by Act 857 of 1997.

If you left a position covered by one of the Arkansas retirement systems listed above and become a member of another one of the retirement systems listed above, you may be entitled to an annuity from each system subject to certain conditions. Such may be the case, even if you have received a refund of contributions from the first system (if you have re-established the service). The date your annuity becomes payable by each system will be determined by the laws and regulations in force for each system. In no case will an APERS annuity become payable nor be paid to you prior to the date you retire from an agency covered by APERS. For additional information, contact the retirement systems involved.

If you are employed by a participating employer of APERS (the state, county, a participating municipality, public school, college or university, or a participating non-state public entity) and you leave your job to become employed by another APERS participant, there is no need to apply for reciprocal service credit because you are still a member of the same retirement system.

FREE AND PURCHASABLE SERVICE

In addition to the service that you have credited to your account, other credited service may be available to you. Some credited service is available to you at no cost and some may be purchased. Below is a summary of the credited service that is available to you. The service is divided into four categories: repayment of a refund, military service, prior service and interim service.

- A. Repayment of a refund** – If you received a refund from the Arkansas Public Employees Retirement System and have now returned to work for an APERS participant, you may repay your refund and re-establish the credited service forfeited when you received the refund by paying into your account the amount withdrawn with regular compounded interest from the date

withdrawn to the date repaid. You must, however, be re-employed for a period of 90 days before you may repay the refund. A partial-pay plan is available if the total cost to repay is more than \$500.

This refund is not to be confused with a Non-Contributory refund which does not have to be repaid.

B. Military Service

1. **Free Service** – If your service to a public employer was interrupted for service in the Armed Forces of the United States during a national emergency and you returned to work for a public employer within six years after your discharge, you may receive free service credit for your active military duty, provided that no more than five years of military service may be claimed.
2. **Purchasable Service** – You may purchase anywhere from one month to five years of active duty military time if you:
 - a) have 5 years of actual service credited to the Retirement System; and
 - b) have received an honorable discharge; and
 - c) are not receiving federal military service retirement pay based upon nineteen years or more of active duty. **Disability federal retirement pay shall not disqualify a member from purchasing such credit.**

The amount you pay is based on: (1) your first full month's earnings 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 purchases of one month 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. Interest will begin 6 months after eligibility. In other words, if you purchase your military service time within six months after having obtained 5 years of credited service, you will not be charged any interest on your purchase.

C. Prior Service

1. Free Service

- a) If you are a state employee and you became a member of the System on July 1, 1957 when the System began, you may receive free service credit for any years of service rendered before July 1, 1957.
- b) If you are a county employee and you became a member of the System on July 1, 1959 when counties were eligible to join the System, you are eligible for free service credit for any years of service rendered before July 1, 1959.
- c) If you are a municipal employee and you became a member of the System when your employer became an APERS participant, you are eligible for free service credit for any years of service rendered before July 1, 1957. The years of service between July 1, 1957 and the year that your municipal employer joined the System may be purchased but are not free service credit years. (See “Interim Service” on page 21).

If you are a non-teaching public school employee or a college or university employee, you must meet two qualification dates to be eligible for free prior service.

- d) If you are a non-teaching public school employee and you became a member of the System on October 1, 1965 when public schools were eligible to join the System and you were also employed on October 1, 1957, you are eligible for free service credit years of service rendered before October 1, 1957. The years of service between October 1, 1957 and October 1, 1965 may be purchased but are not free service credit years. (See “Interim Service” on page 21).
- e) If you are a college or university employee and you became a member on January 1, 1963 when colleges and universities were eligible to join the System and you were also employed on July 1,

NOTE: If you did not become a member on the date your employer became a participating employer in the System because you were serving involuntarily in the Armed Forces of the United States, you may be eligible for free prior service credit if certain other conditions are met.

2. Purchasable Service

If you have prior service that is not described in one of the instances above (free prior service), it may be that you are eligible to purchase the prior service. To purchase prior service credit, you must pay all contributions - employee and employer- at the employer normal cost, together with interest per annum, compounded annually from the date the service was rendered until the date of payment. In addition, in most cases, you must have five years of current service to be eligible to make the purchase and be an active member of APERS or a reciprocal System.

- D. Interim Service** – For municipal employees, interim service is service rendered by an employee during the period of July 1, 1957 to the date his/her public employer entered the System. For non-teaching public school employees, interim service is service rendered by an employee during the period of October 1, 1957 to October 1, 1965. For college and university employees, interim service is service rendered by an employee during the period of July 1, 1957 to January 1, 1963.

To purchase this time, you must pay into your account all contributions - employee and employer – at the employer normal cost, together with interest per annum, compounded annually from the date the service was rendered until the date of payment. You must also be an active member of APERS or a reciprocal System. You may purchase all of this service credit or a portion thereof consisting of multiples of one year *by*

paying for the most recent year first. However, payment must be made in a lump sum.

- E. Other Service** – There are other types of service that may be purchased. These include: (1) Educational leave time; (2) Time bst due to Worker’s Compensation Injury; (3) Service where the person was paid by a federal grant; and (4) service with a non-participating municipality. Please contact our office for information.

AVAILABLE BENEFIT OPTIONS

At the time that you retire or enter the DROP, you have certain benefit options available to you. You must choose one of the options when you file your DROP Application or Retirement application.

1. **Straight Life:** Monthly benefits will be paid for your lifetime only. Upon your death, your beneficiary, as indicated by our records, will receive, in a lump-sum, any balance of your accumulated employee contributions not paid to you in the form of monthly annuity payments, or *if you die within twelve (12) months of the effective date of retirement, a B-75 Option annuity may be payable, upon application, to your surviving spouse.*
2. **A-Options:** Under the “A-Options”, monthly benefits are payable to you for your lifetime. If you die before receiving a set number of monthly benefits, your beneficiary will receive the remaining monthly benefits.
 - a) **Option A-120:** You receive 90% of the computed straight life annuity. This monthly benefit is payable to you for your lifetime. In the event of your death before you have received 120 monthly payments, your beneficiary is entitled to the same annuity, less the temporary benefit, if applicable, for the balance of the 120 months.

For example, if your straight life annuity would be \$200.00 per month, under Option A-120 you would receive a monthly benefit of \$180.00 (90% x \$200.00) for your lifetime. If you received 100 of the 120 monthly payments and you die, your beneficiary will receive the remaining 20 monthly payments.

- b) **Option A-60:** You receive 96% of the computed straight life annuity. This monthly benefit is payable to you for your lifetime. In the event of your death before you have received the 60 monthly payments, your beneficiary is entitled to the same annuity, less the temporary benefit, if applicable, for the balance of the 60 months.

For example, if your straight life annuity would be \$200.00 a month, under Option A-60, you would receive a monthly benefit of \$192.00 (96% x \$200.00) for your lifetime. If you have received 55 of the 60 monthly payments and you die, your beneficiary will receive the remaining five monthly payments.

For the “A-Options”, your beneficiary may be anyone you choose. In the case of multiple beneficiaries, the benefit will be shared equally by each.

3. **B-Options:** Under the “B-Options”, monthly benefits are payable to you for your lifetime. In the event of your death, a percentage of your monthly benefit is payable to your beneficiary for his/her lifetime.

- a) **Option B-50:** You receive 83% (adjusted upward or downward for the difference in age between yourself and your beneficiary)* of the computed straight life annuity. This monthly benefit is payable to you for your lifetime. Upon your death, ½ of the monthly benefit which you were receiving, less the temporary benefit, if applicable, will be paid to your beneficiary for his/her lifetime.

*Your monthly benefit is adjusted by ½ of 1% for each year difference in age between yourself and your beneficiary. If your beneficiary is **older** than you, your monthly benefit will be **increased**. (The benefit, however, cannot be raised to more than 95%). If your beneficiary is **younger**, than you, your monthly benefit will be **decreased**.

For example, if your straight life annuity would be \$200.00 a month, under **Option B-50** you would receive a monthly benefit of \$166.00 (83% x \$200.00) for your lifetime – assuming that your beneficiary is the same age. However, if, for example, your beneficiary is six years older than you, your

monthly benefit would be **increased** by 3% ($1/2 \times 1\% \times 6$ years) and your monthly benefit would be 86% of \$200.00 or \$172.00. However, if, for example, your beneficiary is 10 years **younger** than you, your monthly benefit would be **decreased** by 5% ($1/2 \times 1\% \times 10$ years) and your monthly benefit would be 78% of \$200.00 or \$156.00. Upon your death, your beneficiary will receive for his/her lifetime 1/2 of your monthly benefit. Therefore, if you were receiving \$166.00, your beneficiary would receive \$83.00. *If* you were receiving \$172.00, your beneficiary would receive \$86.00. And, if you were receiving \$156.00, your beneficiary would receive \$78.00.

- b) **Option B-75:** You receive 78% (adjusted upward or downward for the difference in age between yourself and your beneficiary)** of the computed straight life annuity. This monthly benefit is payable to you for your lifetime. Upon your death, 3/4 of the monthly benefit which you were receiving, less the temporary benefit, if applicable, will be paid to your beneficiary for his/her lifetime.

Your monthly benefit is adjusted by 3/4 of 1% for each year difference in age between yourself and your beneficiary. If your beneficiary is **older than you, your monthly benefit will be **increased**. (The benefit, however, cannot be raised to more than 90%). If your beneficiary is **younger** than you, your monthly benefit will be **decreased**.

For example, if your straight life annuity would be \$200.00 a month, under **Option B-75** you would receive a monthly benefit of \$156.00 ($78\% \times \200.00) for your lifetime – assuming that your beneficiary is the same age. However, if, for example, your beneficiary is six years older than you, your monthly benefit would be **increased** by 4.5% ($3/4 \times 1\% \times 6$ years) and your monthly benefit would be 82.5% of \$200.00 or \$165.00. However, if, for example, your beneficiary is 10 years younger than you, your monthly benefit would be **decreased** by 7.5% ($3/4 \times 1\% \times 10$ years) and your monthly benefit would be 70.5% of \$200.00 or \$141.00. Upon your death, your beneficiary will receive for his/her lifetime 3/4 of your monthly benefit, less the temporary benefit, if applicable. Therefore, if you were receiving \$156.00, your beneficiary would receive \$117.00. And, if you were receiving \$165.00,

your beneficiary would receive \$123.75. And, if you were receiving \$141.00, your beneficiary would receive \$105.75.

For the **“B-Options”** your beneficiary must be either your spouse (to whom you have been married for at least one year) or a person 40 years of age or older to whom you contribute more than ½ of his/her support.

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

A. Yes, under certain circumstances.

- 1) If you elect “Straight Life” or one of the “A-Options” (Option A-120 or Option A-60) and you marry after retirement or within one year immediately preceding retirement, you may elect to cancel your “Straight Life Option” or -120 or Option A-60” and elect “Option B-50 or Option B-75” providing continuing lifetime benefits to your spouse. This election, however, must be on a form approved by the System and received by the System no earlier than one year after the date of the marriage and no later than 18 months after such date.
- 2) If you elect one of the “B-Options” (Option B-50 or Option B-75) and you have a change of marital status – through either death or divorce – you may elect a new option.

DEATH-IN-SERVICE BENEFITS

Q. If I die in service, under what circumstances will my survivor (mother, father, husband, wife, children) receive a monthly benefit?

A. In order for any survivor to receive monthly benefits, you must have had five actual years of credited service including service for the year immediately preceding your death.

Act 637 of 1983 offers a few exceptions to the “service for the year immediately preceding your death” requirement:

1. If you die and you are not being paid on that date by your employer because of an illness incurred before you left payroll and your death occurs within one year of your last payroll, or

eighteen months if you are receiving employer medical disability payments; or

2. If you do not have credited service for the year immediately preceding death due to an illness which eventually leads to your death; or
3. Due to your employer removing you from the payroll because of temporary economic or weather conditions.

Surviving Spouse –must have been married to you for at least one year preceding your death.

The surviving spouse's monthly benefit will be the greater of Option B-75 or 10% of your covered compensation.

In all cases:

- A spouse annuity will be at least 10% of your covered compensation at the time of death.

A spouse annuity will be payable as long as your surviving spouse has in his/her care any of your dependent children receiving a benefit.

Surviving Children – If you die in service and have:

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

A child will be a **dependent child** until his/her death or his/her marriage or his/her attainment of age 18, whichever occurs first. The

age 18 maximum shall be extended as long as the child continues uninterruptedly being a full-time student at an accredited secondary school or college or university, but in no event beyond his/her attainment of age 23. Also, the age 18 maximum will be extended for any child who has been deemed physically or mentally incompetent by an Arkansas Court of competent jurisdiction for as long as such incompetence exists.

When a child ceases being a dependent child, his/her annuity will terminate and there will be a re-determination of the amounts payable to any remaining dependent children.

If, at the time of your death, there is neither a spouse nor a dependent child, each parent dependent upon you for at least ½ support will receive an annuity of the greater of:

- 1) 10% of your covered compensation at the time of death; or
- 2) An equal share of the \$150 monthly minimum.

NOTE: If you die in service and you have employee contributions in your account and your surviving spouse is also your named beneficiary and you have no dependent children, your surviving spouse may opt to receive a monthly benefit or a lump sum refund.

A Reminder to Death-In-Service Recipients

If you are receiving a death-in-service benefit check from APERS and you marry or re-marry, you should notify our office immediately.

CONTRIBUTORY

YEARS OF SERVICE	FINAL AVERAGE SALARY (\$)											
	8,000	10,000	12,000	14,000	16,000	18,000	20,000	22,000	24,000	26,000	28,000	
5	\$150	\$150	\$150	\$150	\$150	\$155	\$173	\$190	\$207	\$224	\$242	
10	150	173	207	242	276	311	345	380	414	449	483	
11	152	190	228	266	304	342	380	417	455	493	531	
12	166	207	248	290	331	373	414	455	497	538	580	
13	179	224	269	314	359	404	449	493	538	583	628	
14	193	242	290	338	386	435	483	531	580	628	676	
15	207	259	311	362	414	466	518	569	621	673	725	
16	221	276	331	386	442	497	552	607	662	718	773	
17	235	293	352	411	469	528	587	645	704	762	821	
18	248	311	373	435	497	559	621	683	745	807	869	
19	262	328	393	459	524	590	656	721	787	852	918	
20	276	345	414	483	552	621	690	759	828	897	966	
21	290	362	435	507	580	652	725	797	869	942	1,014	
22	304	380	455	531	607	683	759	835	911	987	1,063	
23	317	397	476	555	635	714	794	873	952	1,032	1,111	
24	331	414	497	580	662	745	828	911	994	1,076	1,159	
25	345	431	518	604	690	776	863	949	1,035	1,121	1,208	
26	359	449	538	628	718	807	897	987	1,076	1,166	1,256	
27	373	466	559	652	745	838	932	1,025	1,118	1,211	1,304	
28	386	483	580	676	773	869	966	1,063	1,159	1,256	1,352	
29	400	500	600	700	800	900	1,001	1,101	1,201	1,301	1,401	
30	414	518	621	725	828	932	1,035	1,139	1,242	1,346	1,449	

This table provides an **estimate** of the monthly benefit you will receive upon retiring under the **contributory plan**.

To plot your estimated monthly benefit, find your final average salary and the number of your years of service. If your salary and/or number of years of service are not on the table above, or you would like to compute your own monthly benefit, see "How To Compute Monthly Benefits", pp. 32-36.

- **The minimum benefit payable is \$150 a month adjusted by reduced early annuity, option plan election, or less than 5 years credited in APERS under the Reciprocal Agreement.**

CONTRIBUTORY

FINAL AVERAGE SALARY (\$)										
30,000	32,000	34,000	36,000	38,000	40,000	42,000	44,000	46,000	48,000	50,000
\$259	\$276	\$293	\$311	\$328	\$345	\$362	\$380	\$397	\$414	\$431
518	552	587	621	656	690	725	759	794	828	863
569	607	645	683	721	759	797	835	873	911	949
621	662	704	745	787	828	869	911	952	994	1,035
673	718	762	807	852	897	942	987	1,032	1,076	1,121
725	773	821	869	918	966	1,014	1,063	1,111	1,159	1,208
776	828	880	932	983	1,035	1,087	1,139	1,190	1,242	1,294
828	883	938	994	1,049	1,104	1,159	1,214	1,270	1,325	1,380
880	938	997	1,056	1,114	1,173	1,232	1,290	1,349	1,408	1,466
932	994	1,056	1,118	1,180	1,242	1,304	1,366	1,428	1,490	1,553
983	1,049	1,114	1,180	1,245	1,311	1,377	1,442	1,508	1,573	1,639
1,035	1,104	1,173	1,242	1,311	1,380	1,449	1,518	1,587	1,656	1,725
1,087	1,159	1,232	1,304	1,377	1,449	1,521	1,594	1,666	1,739	1,811
1,139	1,214	1,290	1,366	1,442	1,518	1,594	1,670	1,746	1,822	1,898
1,190	1,270	1,349	1,428	1,508	1,587	1,666	1,746	1,825	1,904	1,984
1,242	1,325	1,408	1,490	1,573	1,656	1,739	1,822	1,904	1,987	2,070
1,294	1,380	1,466	1,553	1,639	1,725	1,811	1,898	1,984	2,070	2,156
1,346	1,435	1,525	1,615	1,704	1,794	1,884	1,973	2,063	2,153	2,243
1,397	1,490	1,584	1,677	1,770	1,863	1,956	2,049	2,142	2,236	2,329
1,449	1,546	1,642	1,739	1,835	1,932	2,029	2,125	2,222	2,318	2,415
1,501	1,601	1,701	1,801	1,901	2,001	2,101	2,201	2,301	2,401	2,501
1,553	1,656	1,760	1,863	1,967	2,070	2,174	2,277	2,381	2,484	2,588

This table is only applicable if **all** your service is **contributory**. If you have a combination of contributory and non-contributory service, you must combine the information on the contributory and non-contributory charts. For example, if your final average salary is \$15,000 and you have 25 years of service – 12 years of **contributory service** and 13 years of **non-contributory service** – you must find: (1) \$15,000 and 12 years on the contributory chart; and (2) \$15,000 and 13 years on the non-contributory chart. Then, add the two monthly benefits together to get an estimate of your monthly benefit.

NON-CONTRIBUTORY

YEARS OF SERVICE	FINAL AVERAGE SALARY (\$)										
	8,000	10,000	12,000	14,000	16,000	18,000	20,000	22,000	24,000	26,000	28,000
5	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$158	\$172	\$186	\$201
10	150	150	172	201	229	258	287	315	344	373	401
11	150	158	189	221	252	284	315	347	378	410	441
12	150	172	206	241	275	310	344	378	413	447	482
13	150	186	224	261	298	335	373	410	447	484	522
14	161	201	241	281	321	361	401	441	482	522	562
15	172	215	258	301	344	387	430	473	516	559	602
16	183	229	275	321	367	413	459	505	550	596	642
17	195	244	292	341	390	439	487	536	585	634	682
18	206	258	310	361	413	464	516	568	619	671	722
19	218	272	327	381	436	490	545	599	654	708	763
20	229	287	344	401	459	516	573	631	688	745	803
21	241	301	361	421	482	542	602	662	722	783	843
22	252	315	378	441	505	568	631	694	757	820	883
23	264	330	396	462	527	593	659	725	791	857	923
24	275	344	413	482	550	619	688	757	826	894	963
25	287	358	430	502	573	645	717	788	860	932	1,003
26	298	373	447	522	596	671	745	820	894	969	1,043
27	310	387	464	542	619	697	774	851	929	1,006	1,084
28	321	401	482	562	642	722	803	883	963	1,043	1,124
29	333	416	499	582	665	748	831	914	998	1,081	1,164
30	344	430	516	602	688	774	860	946	1,032	1,118	1,204

This table provides an **estimate** of the monthly benefit you will receive upon retiring under the **non-contributory plan**.

To plot your estimated monthly benefit, find your final average salary and the number of your years of service. If your salary and/or number of years of service are not on the table above, or you would like to compute your own monthly benefit, see "How To Compute Monthly Benefits", pp. 32-36.

- **The minimum benefit payable is \$150 a month adjusted by reduced early annuity, option plan election, or less than 5 years credited in APERS under the Reciprocal Agreement.**

NON-CONTRIBUTORY

FINAL AVERAGE SALARY (\$)										
30,000	32,000	34,000	36,000	38,000	40,000	42,000	44,000	46,000	48,000	50,000
\$215	\$229	\$244	\$258	\$272	\$287	\$301	\$315	\$330	\$344	\$358
430	459	487	516	545	573	602	631	659	688	717
473	505	536	568	599	631	662	694	725	757	788
516	550	585	619	654	688	722	757	791	826	860
559	596	634	671	708	745	783	820	857	894	932
602	642	682	722	763	803	843	883	923	963	1,003
645	688	731	774	817	860	903	946	989	1,032	1,075
688	734	780	826	871	917	963	1,009	1,055	1,101	1,147
731	780	828	877	926	975	1,023	1,072	1,121	1,170	1,218
774	826	877	929	980	1,032	1,084	1,135	1,187	1,238	1,290
817	871	926	980	1,035	1,089	1,144	1,198	1,253	1,307	1,362
860	917	975	1,032	1,089	1,147	1,204	1,261	1,319	1,376	1,433
903	963	1,023	1,084	1,144	1,204	1,264	1,324	1,385	1,445	1,505
946	1,009	1,072	1,135	1,198	1,261	1,324	1,387	1,451	1,514	1,577
989	1,055	1,121	1,187	1,253	1,319	1,385	1,451	1,516	1,582	1,648
1,032	1,101	1,170	1,238	1,307	1,376	1,445	1,514	1,582	1,651	1,720
1,075	1,147	1,218	1,290	1,362	1,433	1,505	1,577	1,648	1,720	1,792
1,118	1,193	1,267	1,342	1,416	1,491	1,565	1,640	1,714	1,789	1,863
1,161	1,238	1,316	1,393	1,471	1,548	1,625	1,703	1,780	1,858	1,935
1,204	1,284	1,365	1,445	1,525	1,605	1,686	1,766	1,846	1,926	2,007
1,247	1,330	1,413	1,496	1,580	1,663	1,746	1,829	1,912	1,995	2,078
1,290	1,376	1,462	1,548	1,634	1,720	1,806	1,892	1,978	2,064	2,150

This table is only applicable if **all** your service is **non-contributory**. If you have a combination of contributory and non-contributory service, you must combine the information on the contributory and non-contributory charts. For example, if your final average salary is \$15,000 and you have 25 years of service – 12 years of **contributory service** and 13 years of **non-contributory service** – you must find: (1) \$15,000 and 12 years on the contributory chart; and (2) \$15,000 and 13 years on the non-contributory chart. Then, add the two monthly benefits together to get an estimate of your monthly benefit.

How to Compute Monthly Benefits

Contributory Example (with full benefits)

Joe Employee retires at age 60 with 20 years of service as a data processor for the Department of Information Systems. Below is an example of how his monthly benefits are computed under the contributory plan.

\$26,000

\$28,000

\$30,000 -----Four highest fiscal years' earnings

\$32,000

\$116,000 Total

\$116,000 Total / 4 = \$29,000 Final Average Salary (FAS)

\$29,000 FAS x 2.07% = \$600 Benefit Per Year of Service (BPYS)

\$600 BPYS x 20 Years of Service = \$12,000 Annual Benefit

\$12,000 Annual Benefit / 12 Months = \$1,000 Monthly Benefit

-
- Under the **contributory** provisions, you may retire with a **full benefit** at (a) age 65 with at least 5 years of service; or (b) age 60 with at least 20 years of service; or (c) any age after at least 28 actual years' service (effective July 30, 1999).

Use your own figures:

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____ Total

\$ _____ Total / 4 = \$ _____ Final Average Salary (FAS)

\$ _____ FAS x 2.07% Factor = \$ _____ (BPYS)
Benefit Per Year of Service

\$ _____ BPYS x _____ Years of Service = \$ _____
Annual Benefit

\$ _____ Annual Benefit / 12 Months = \$ _____
Monthly Benefit

Under the contributory provisions, you may retire with a reduced benefit at age 55 with at least 5 years credited service.

Reduced Benefits

The reduction rate is 1/2 of 1% of each month early that you retire. You may not retire more than 10 years before your normal retirement age.

How to compute a reduced benefit:

Compute your monthly benefits as if you were receiving a full benefit. Then, reduce that amount by 1/2 of 1% for each month early that you retire (6% per year). Looking at our contributory example, let's say that Joe retired early at age 60 but with only 15 years of service. Therefore, his monthly benefit would be reduced by 30% (5 years x 6%) and his monthly benefit would be \$525.00.

\$750 full monthly benefit x 30% reduction % = \$225.00 reduction

\$750.00 full monthly benefit - \$225.00 reduction = \$525.00 reduced monthly benefit

Non-Contributory Example (with full benefits)

Wanda Worker retires at age 65 with 5 actual years of credited service as an administrative assistant with the Department of Finance and Administration. Below is an example of how her monthly benefits are computed under the non-contributory plan.

\$26,000

\$28,000

\$30,000 -----Four highest fiscal years' earnings

\$32,000

\$116,000 Total

\$116,000 Total / 4 = \$29,000 Final Average Salary (FAS)

\$29,000 FAS x 1.72% = \$498 Benefit Per Year of Service (BPYS)

\$498 BPYS x 5 Years of Service = \$2,490 Annual Benefit

\$2,490 Annual Benefit / 12 Months = \$207 Monthly Benefit

-
- Under the **non-contributory** provisions, you may retire with a **full benefit** at (a) age 65 with at least 5 years of service; or (b) any age after at least 28 **actual** years' service (effective July 30, 1999); or (c) at least 55 years of age with 35 **credited** years of service. See "Retirement Benefits", page 10.

Use your own figures:

\$ _____
\$ _____
\$ _____
\$ _____

\$ _____ Total

\$ _____ Total / 4 = \$ _____ Final Average Salary (FAS)

\$ _____ FAS x 1.72% Factor = \$ _____ (BPYS)
Benefit Per Year of Service

\$ _____ BPYS x _____ Years of Service = \$ _____
Annual Benefit

\$ _____ Annual Benefit / 12 Months = \$ _____
Monthly Benefit

Under the **non-contributory** provisions, if you retire before age 62, except for disability, you will receive a temporary amount until age 62, in addition to the basic annuity. The temporary amount is .33% of FAS. ***The temporary benefit is not reduced for early retirement.***

Example of temporary benefit computation.

\$29,000 FAS x .33% = \$95 Temporary Benefit Per Year of Service

\$95 TBPYS x 5 Years of Service = \$475 Annual Temporary Benefit

\$475 ATB / 12 = \$39 Monthly Temporary Benefit payable until age 62

Under the non-contributory provisions, you may retire with a reduced benefit with at least 5 actual years credited service and within 10 years of normal retirement age. See "How to Compute a Reduced Benefit", page 33.

Contributory/Non-Contributory Example (with full benefits)

C M. Quitting, 65, is retiring after 10 years as an accountant for the Department of Human Services. Six of his years are under the contributory plan and the last four (after January 1, 1978 – the date non-contributory began) are non-contributory. Below is an example of how his monthly benefits are computed.

\$26,000

\$28,000

\$30,000 -----Four highest fiscal years' earnings

\$32,000

\$116,000 Total

\$116,000 Total / 4 = \$29,000 Final Average Salary (FAS)

\$29,000 FAS x 2.07% factor = \$600 Benefit Per Year of Service (BPYS)

\$600 BPYS x 6 Years of Contributory Service = \$3,600 Annual Benefit

\$3,600 Annual Benefit / 12 = \$300 Monthly Contributory Benefit

\$29,000 FAS x 1.72% = \$498 Benefit Per Year of Service

\$498 BPYS x 4 Years of Non-Contributory Service = \$1,992 Annual Benefit

\$1,992 Annual Benefit / 12 = \$166 Monthly Non-Contributory Benefit

\$300 Monthly Benefit Under Contributory + \$166 Monthly Benefit Under Non-Contributory = \$466

\$466 is your combined monthly benefit.

Disability Benefits

A disability benefit is computed as if you were age 65 (no reduction regardless of your age) but no temporary benefit is payable.

RETIREMENT CHECKLIST

For APERS members, retirement is a combination of: 1) Arkansas Public Employees 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?
- 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 (**L**earning and **I**nvesting **F**or an **E**nergetic and **P**roductive **L**ife while **A**ccumulating a **N**est 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.

A REMINDER...

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

- 1) 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 and/or a retirement application.
- 2) Make sure that your **retirement application** is sent to Arkansas Public Employees Retirement System, Attn: Member Services (One Union National Plaza, 124 West Capitol, Little Rock, AR 72201-1015) and not to your employer. Although your employer probably would eventually forward your application to us, important time could be lost that might result in your missing a monthly benefit.
- 3) 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.
- 4) Please write (always including your social security number) and request a benefit estimate at least four 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 our office address listed on the back of this handbook. Please note that unless you receive a tremendous increase in salary during your remaining months of employment, your benefit estimate will not change much in three or four months.

GLOSSARY

Actual Service – The actual employment with a public employer which is credited in the State retirement systems.

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.

APERS – Arkansas Public Employees Retirement System.

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 an APERS member to name a beneficiary to receive a monthly benefit upon the member's death.

Contributory Plan – A plan that originated with APERS on July 1, 1957 whereby APERS employees made contributions to the System, along with their employers.

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

Covered Employment – Employment for an agency or institution whose employees are members of APERS.

Credited Service – The amount of service earned by a member of the State retirement Systems and used in a computation of benefits.

Current Service – Service rendered by an employee after his/her employer became a member of the System.

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

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

DROP – Deferred Retirement Option Plan.

Employee – A person who is employed by one of the employers that is a participant in APERS.

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

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

Final Average Salary – The average of the highest annual compensations paid a member during any period of four (4) fiscal years.

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

Interim Service – Service rendered by a municipal employee, a non-teaching public school employee, or a college or university employee during the period between July 1, 1957 and the time that his/her employer became a participant in the System.

Member – An employee whose employment automatically makes him/her a member of APERS.

Non-Contributory Plan – Effective January 1, 1978, a plan 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.

PERS – Public Employees Retirement System. Refers to Arkansas Public Employees Retirement System.

Prior Service – Service rendered by an employee before his/her employer became a member of the System.

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 an APERS covered position.

Regular Interest – Rate or rates of interest per annum, compounded annually, as set by the Board of Trustees for purchases of service, repayments, etc.

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

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

System – Arkansas Public Employees Retirement System.

Service – Service as an employee of an APERS participant.

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

NOTES

NOTES

REQUEST FOR A BENEFIT ESTIMATE

If you are within a year of retiring and would like APERS to estimate the amount of your retirement annuity, fill out the following form and mail it to:

Arkansas Public Employees Retirement System
One Union National Plaza, 124 West Capitol
Attn: Member Services
Little Rock, AR 72201-1015
(501) 682-7800
1-800-682-7377

Social Security Number _____

Name _____

Address _____

Telephone Number () _____

Date of Birth _____

Employer _____

Approximate Date of Retirement _____

If Applicable, Spouse's Date of Birth

Signature _____

Today's Date

Arkansas Public Employees Retirement System
One Union National Plaza, Suite 400
124 West Capitol Avenue
Little Rock, Arkansas 72201
501-682-7800 or Toll Free 1-800-682-7377
www.state.ar.us/apers/