IMPORTANT - READ THIS FIRST

Due to multiple legislative changes to APERS’ policies since the publication of this handbook in 2011, this document is outdated and contains some inaccurate information. We are currently working to produce a brand new handbook, which should be available shortly.

Below we have provided updated language for some passages affected by legislation enacted by the General Assembly during its 2019 session. We have also struck a few obsolete passages in the document although this by no means covers all the changes now in effect.

Page 16: Yes, interest is earned at the rate of 2% per year.

Page 17: If you choose Option B-50 or B-75, the beneficiary must be your spouse to whom you have been married for at least six months or a dependent who is at least 40 years of age.

Page 21: Service earned with a municipality or municipal agency that is not a member of APERS cannot be purchased.

Page 23: Surviving Spouse – must have been married to you for at least six months preceding your death.

Page 31: For the “B-Options” your beneficiary must be either your spouse (to whom you have been married for at least six months) or a person 40 years of age or older to whom you contribute more than ½ of his/her support.

Remember that APERS policy is guided by current Arkansas Retirement System Law and APERS Board regulations, which remain the final authority in any dispute.

If you have questions about these or other policies, please contact us at (800) 682-7377.
This publication has been produced for use by members, staff and other interested persons for informal reference purposes only. The authors intend it to be accurate but whenever a statement herein conflicts with the law, the law shall prevail.

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
124 WEST CAPITOL, SUITE 400
LITTLE ROCK, AR  72201
(501) 682-7800
1-800-682-7377
www.apers.org

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 45 for definitions of words or terms you may not understand.*
Contacting the System

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

Arkansas Public Employees Retirement System
124 West Capitol, Suite 400
Little Rock, Arkansas 72201

Provisions of Law
The Arkansas Public Employees Retirement System (APERS) was established by Act 157 of 1957. Changes to the law can be made only by an act of the Arkansas Legislature.

Funding
Members of the Arkansas Public Employees Retirement System (APERS) first hired on or after July 1, 2005 contribute 5% of their pre-tax salary to the System. Participating employers contribute a rate that is established annually by the APERS Board of Trustees. Monies received are invested by the System to pay future benefits to members, beneficiaries and survivors.

Plan Year
The plan year is July 1 through June 30.

Employment Rights
Membership in the Arkansas Public Employees Retirement System does not give you the right to be retained in the employ of a participating employer, nor does it give you the right or claim to any benefit that you have not accrued under the System.

Contacting the System

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

Arkansas Public Employees Retirement System
124 West Capitol, Suite 400
Little Rock, Arkansas 72201
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October 7, 2011

Dear Arkansas Public Employees Retirement System Member:

Every successful relationship requires an ongoing partnership. While the employees of the Arkansas Public Employees Retirement System (APERS) are committed to ensuring that your membership rights are guaranteed, you must also contribute to the partnership by meeting your responsibilities that include:

- Reviewing your annual benefit statement from APERS, and informing, in writing, a counselor of any incorrect information (i.e. name, date of birth, spouse, service, etc.).
- Reading the handbooks, newsletters and other information materials provided by APERS.
- Informing APERS if you have changes (i.e. address, family status -such as marriage, divorce, etc.-beneficiary, and so forth) even if you leave covered employment.
- Contacting our Office and asking the Counselors general questions if you don’t understand your benefits so that you can make informed benefit choices.
- Sharing your benefit information with your family.

Our responsibilities to you as members in the partnership include:

- Administering retirement benefits to each eligible member of the Arkansas Public Employees Retirement System.
- Providing handbooks, which contain information regarding your benefits.
- Keeping you informed of your benefit rights and options.
- Keeping you updated on legislative changes that affect your benefits.
- Providing individualized counseling when you request it either in written format or in an office visit.

The APERS Member Handbook has been prepared to meet one of our responsibilities to you – keeping you informed about your retirement system, its benefits and policies, and your rights as a member. Membership in APERS is an important fringe benefit your employer provides to the employees.

Members of APERS first hired on or after July 1, 2005 contribute 5% of their pre-tax salary into the System. Contributions earn 4% per annum.

This Handbook provides general information about APERS and is intended to be a reference for you. It is supplemented by information posted on the APERS website (www.apers.org) and by newsletters and other information you will receive from us before and after retirement. A list of reference materials is on Page 43.

Should you have specific questions or need additional information, please respond to us in writing at the address found at the front of this booklet. If you plan to visit, a map showing the location is on Page 8.

Sincerely,

Gail H. Stone
Executive Director
**Suggested Routes**

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

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

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

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

The Arkansas 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 was automatically placed in the non-contributory plan.

As a result of Act 742 of 2001, any non-teaching public school district employee who is a member of APERS may have non-teaching service after July 1, 2001 covered under the Arkansas Teacher Retirement System (ATRS). This election can be made at any time; however, the enrollment period is only once a year.

New employees of Arkansas state-supported universities, colleges, or junior colleges that are not a part of the University of Arkansas System are eligible to participate in their choice of retirement systems (i.e. APERS, ATRS, or an alternate retirement plan) (Act 765 of 2001).

As a result of Act 399 of 2003, anyone first hired on or after July 1, 2005, shall be a contributory member of APERS and contribute 5% of their pre-tax earnings to the System.

The enactment of Act 220 of 2007 raised the Contributory multiplier to 2.03% for APERS service from July 1, 2005 through June 30, 2007. After June 30, 2007, credited service is again calculated with the 2.0% multiplier.

Act 1200 of 2009 stated that for each year of service over 28 years rendered on or after July 1, 2009, a Contributory member’s multiplier will be increased 0.5% for calculating the member’s annuity. Thus, a Contributory member receiving credit at the current rate of 2.0% would see that multiplier increased to 2.5% for service beyond 28 years.

Below is a list of some other significant retirement system legislation passed in the 87th Arkansas General Assembly of 2009:

Act 295 broadened the ability of members to purchase retirement credit for service in the active duty military, National Guard or armed forces reserves. Vested members who are eligible for or currently receiving military retirement benefits may purchase up to five (5) years of service in APERS. Similarly vested members may purchase up to five years of military reserves time in the system. The act also invoked federal protections provided by the Uniformed Services Employment and Reemployment Rights Act (USERRA) for APERS members called to active duty. This act did not extend this purchasing option to retirees or members who have terminated service with an APERS-covered employer.

Act 657 of 2009 extended the time of separation from employment for retirement purposes from 30 days to 180 days. As of July 1, 2009, anyone returning to System covered employment before the 181st day will forfeit all benefits already paid. The act allows two exceptions: Members enrolled in the Deferred Retirement Option Plan (DROP) on Jan. 1, 2009, and members who retired and started receiving benefits between Jan. 1 and June 30, 2009, will still be permitted to return to work after the current 30-day period.

Act 774 includes in APERS membership tipped food service workers of the Department of Parks and Tourism.

Below is a list of some other significant retirement system legislation passed in the 88th Arkansas General Assembly of 2011:

Act 38 of 2011, which became effective February 16, 2011 mandates that any APERS-covered worker who enters the DROP March 1, 2011 or later, upon ending their participation in DROP and retiring, may not return to work for any position covered by any authorized state retirement plan.

Act 40 of 2011, also effective February 16, 2011, defines “terminate” as that term applies to eligibility for APERS covered retirement, for both regular
and elected positions (for the definition of the word terminate, see page 48 in the Glossary).

Act 140, effective July 1, 2011, gave APERS-covered workers in the Non-Contributory plan the option to switch to the Contributory plan, as long as they applied to switch by December 31, 2011. Non-Contributory members who switch officially become Contributory plan participants January 1, 2012.

Act 563, effective for Non-contributory members elected or appointed on or after July 1, 2011, requires an additional 5% contribution on municipal and county elected positions for the additional year of service credit they receive. Both employer and employee must contribute an additional 2.5% respectively.

Act 558, effective Jan. 1, 2012, requires employers to continue contributing to APERS for members that participate in the DROP as well as retirees that have returned to a position covered by APERS.

Act 774, effective March 30, 2011, extends the termination period required for retirement purposes for individuals who receive at least 2 for 1 service credit under APERS to one year.

MEMBERSHIP

Membership in the Arkansas Public Employees Retirement System (APERS) is compulsory if you are hired with the intent of working at least 90 consecutive calendar days, work at least 80 hours per month and earn at least the federal minimum wage.

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 counseling available?
A. Yes. You may call us for an appointment. We are located on the fourth floor of 124 West Capitol, Suite 400, Little Rock, Arkansas 72201 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, only a written request or a visit to our office can obtain specific information about your record. 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 your home address during the next fiscal year.

**Dual Membership**

If you work at the same time for two or more employers that are covered by different state sponsored retirement systems, you can’t be a member of both systems. You can only be a member of one system. The exception being members of the General Assembly, volunteer firefighters and those persons who have dual full-time employment in separate positions covered by the Arkansas Public Employees Retirement System and the Arkansas Local Police and Fire Retirement System respectively.

However, if you are employed in two or more positions that are covered by APERS and meet the eligibility requirements, you must be reported by both employers to APERS.

**COSTS 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 and employees.

**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).

**CONTRIBUTIONS**

The Arkansas Public Employees Retirement System (APERS) is a multi-employer defined benefit plan in which employees as well as their employer contribute. In other words, you must pay a portion of your salary (pre-tax) into the System in order to earn service credit toward a future retirement benefit. The contributions are deducted from your salary by your employer to pay for your retirement.

These contributions will remain on deposit in your name unless you leave your job and receive a refund of your contributions. These contributions are invested by professional money management firms hired by the Board of Trustees. In turn, for your contributions to the System, at retirement your benefit will be based on a specific multiplier established in the law.

Your employer pays retirement contributions equal to a certain percentage of your salary each month. These rates are subject to change by the APERS Board of Trustees.

**Refund of Contributions**

You may have employee contributions in the System if:

1. You were a member of APERS on or before January 1, 1978.
2. You are a member first hired after July 1, 2005.
4. You were a Non-Contributory member who opted to join the Contributory Plan during one of the “open window” enrollment periods held since July 1, 2005.

You may request a refund of your personal contributions if you terminate all covered employment. Your refund will not include contributions made by your employer.

To apply for a refund of your contributions, contact us. However, you may lose all retirement credit for your refunded service. If you return to covered employment for at least 90 consecutive calendar days and three (3) consecutive months service credit, you may be eligible to repay the refund and restore the refunded service. Employer paid contributions are
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 on the website at www.apers.org, or available at the Arkansas Public Employees Retirement System Office.

When You Retire

On your application for retirement, you will be asked to name your beneficiary if you choose a benefit option other than Straight Life.

- If you choose Option A-60 or A-120, you may name one or more contingent beneficiaries to receive any benefits remaining at your death.
- If you choose Option B-50 or B-75, the beneficiary must be your spouse to whom you have been married for at least one year or a dependent who is at least 40 years of age.

After You Retire

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 preceding retirement, you may elect to cancel your “Straight Life Option” or “Option A-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.

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. (See “Retirement Benefit Options” information on Pages 29-31).

Q. Is there any restriction regarding the person or persons I may name as beneficiary?
A. No. For example, it could be your spouse, child(ren), relative, or friend.

Q. Is there a circumstance in which my spouse automatically becomes my beneficiary even if I have named another person?
A. Yes. See “Death-In-Service Benefits” on Pages 22-25.
Q. May I change my beneficiary at any time, and if so, how?
A. No. Once retired, only as specified above.

VESTING

Being vested means that you are eligible to receive a future retirement benefit. You will be vested under the Arkansas Public Employees Retirement System after completing five (5) years of service.

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.

Reciprocal Service

Reciprocal service is service in two or more systems that is utilized to determine eligibility for benefits in those systems. Service credit in other State sponsored retirement systems may be utilized to determine if you are vested.

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.

If you left a position covered by one of the Arkansas retirement systems listed above and became 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.

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.

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. The categories of service for which you may be eligible include repayment of a refund, military service (which may include either free credit, or purchase of active duty credit, National Guard, or Armed Forces Reserve credit), and other service. Purchases of service may be made with a “rollover” from another retirement plan.

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 employer or an employer in a reciprocal system, 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 and have worked at least 80 hours per month and have three (3) months service credit before you may repay the refund. A
partial-pay plan is available if the total cost to repay is more than $500. If the cost of the refund is less than $500, the refund must be repaid in one lump sum payment.

Military Service

1. Free Military 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.

Disclaimer: This is not to be confused with active duty service in the Guard or the Reserves guaranteed by USERRA laws.

2. Purchasable Military Service

   Active Military Duty – Act 295 of 2009 allows members of APERS who are receiving federal military service retirement to purchase credited service for service rendered in the armed forces. You may purchase up 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.

   Arkansas National Guard or Armed Forces Reserve – Act 38 of 2011 allows current APERS members to purchase National Guard or Armed Forces Reserve military service in one month increments. Act 295 of 2009 had already increased the allowable total purchase from three (3) years to five (5) years. No APERS member may purchase more than 5 years of total credited service from any accepted source (active duty military, National Guard or military reserves, federal, etc.)

The following conditions must be met:

   a) The person must be an active member of APERS on the date of purchase with at least 5 years of actual service credit;
   b) The member must furnish proof of service with an acceptable document, either a DD-Form 214 for Armed Forces Reserve duty, or an NGB Form 22 for National Guard service.

In compliance with Act 295 of 2009, APERS Board Regulation 411 permits a member seeking to purchase National Guard service or Armed Forces Reserve service to purchase such service in monthly increments up to the maximum amount of credited service authorized by Act 295 of 2009. The cost of the service is based on the current rate of employee contributions, if applicable, and employer contributions in effect at the time of the purchase and is calculated times the greater of:

   a) The last full fiscal year salary of the member, or
   b) The final average salary calculated for the date of purchase.

Interest of 6% is calculated from the end of the most recent fiscal year (June 30) to the date of purchase.

Other Service

There are other types of service that may be purchased. These include: (1) Educational leave time; (2) time lost due to Worker’s Compensation injury; (3) service where the person was paid by a federal grant; (4) service with a non-participating municipality; 5) out-of-state public employment; and (6) federal public employment. Please contact APERS for specific information.

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. Please contact APERS for specific information.

ELIGIBILITY FOR BENEFITS

Once you are vested and meet the age and/or service requirements, you may be eligible for an unreduced or reduced benefit from the System.

Unreduced Retirement

Q. When am I eligible for an unreduced retirement benefit?
A. Under the contributory plan, a member is eligible for unreduced benefits at:

   a) The last full fiscal year salary of the member, or
   b) The final average salary calculated for the date of purchase.
1) age 65 with 5 actual years of service credited in the System(s); or
2) at least 55 years of age with 35 credited years of service in the System(s) as an elected or public safety member; or
3) any age with 28 actual years of service in the System(s).
For an explanation of actual and credited service, see the Glossary, page 45.

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 years of actual service.

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.
In the event your spouse remarries, a spousal 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.

Q. If I have less than 25 years of service, can I take a reduced benefit?
A. Yes. To retire with less than 25 years of service, a member must be at least age 55 and have at least 5 years of service. Benefits are reduced ½ of 1% for each month early that you retire prior to age 65 with less than 28 years service.

DEATH-IN-SERVICE BENEFITS

Active/Deferred Member

If you are vested and die while an active member, death-in-service benefits may be payable to your survivors. This benefit is also payable if you have applied for retirement benefits but die before the effective date of your benefits.

Q. What if I decide to work beyond 28 years without retiring?
A. Act 1200 of 2009 established that for each year a member works beyond their 28th year of employment, the retirement multiplier used to calculate service credit beyond 28 years will be increased by 0.5%.

Reduced Retirement

Q. When am I eligible for a reduced benefit if I have at least 25 years of actual service?
A. With at least 25 years of actual service, an active member is eligible for a reduced benefit at any age.

Q. What is the reduction?
A. The reduction is taken from either age 65 or 28 years of service – whichever is less. If 28 years is used, the reduction is 1% for each month away from 28 years of service. If age 65 is used, the reduction is ½ of 1% for each month away from age 65.

Q. If I have less than 25 years of service, can I take a reduced benefit?
A. Yes. To retire with less than 25 years of service, a member must be at least age 55 and have at least 5 years of service. Benefits are reduced ½ of 1% for each month early that you retire prior to age 65 with less than 28 years service.

Q. What is the reduction?
A. The reduction is taken from either age 65 or 28 years of service – whichever is less. If 28 years is used, the reduction is 1% for each month away from 28 years of service. If age 65 is used, the reduction is ½ of 1% for each month away from age 65.

Q. If I have less than 25 years of service, can I take a reduced benefit?
A. Yes. To retire with less than 25 years of service, a member must be at least age 55 and have at least 5 years of service. Benefits are reduced ½ of 1% for each month early that you retire prior to age 65 with less than 28 years service.

1) age 65 with 5 actual years of service credited in the System(s); or
2) at least 55 years of age with 35 credited years of service in the System(s) as an elected or public safety member; or
3) any age with 28 actual years of service in the System(s).
For an explanation of actual and credited service, see the Glossary, page 45.

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 years of actual service.

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.
In the event your spouse remarries, a spousal 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.

Q. If I have less than 25 years of service, can I take a reduced benefit?
A. Yes. To retire with less than 25 years of service, a member must be at least age 55 and have at least 5 years of service. Benefits are reduced ½ of 1% for each month early that you retire prior to age 65 with less than 28 years service.

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 or her death or his or her marriage or his or her attainment of age 18, whichever occurs first. The age 18 maximum shall be extended as long as the child continues uninterrupted as a full-time student at an accredited secondary school or college or university, but in no event beyond his or 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 or her annuity will terminate and there will be a redetermination 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 your surviving spouse, who is also your named beneficiary, may opt to receive a monthly benefit or a lump sum refund if you have no dependent children.

Q. If I am a deferred vested member not receiving benefits and die, are my survivors eligible for a benefit?
A. Yes, a death benefit may be payable to your survivors.

Retired Member

The option chosen at retirement will dictate what benefits are paid to a retired member’s survivors.

If the Straight Life Option is chosen and the member dies before receiving twelve (12) monthly retirement payments and has a surviving spouse, the spouse is eligible for an Option B-75 benefit for his or her lifetime. If there is no spouse, the remaining contributions and interest not received in the benefit payments will be payable to the named beneficiary.

If one of the “A-Options” was chosen at retirement and if the retirant’s death occurs before receiving the specified payments, the named beneficiary shall be paid the remainder of the months to total the specified payments.

If one of the “B-Options” was chosen at retirement, the retirant’s spouse will be eligible for lifetime benefits based on the option chosen.

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.

DISABILITY BENEFITS

To qualify for disability retirement under the Arkansas Public Employees Retirement System (APERS), you must be totally and permanently disabled from performing any useful and efficient service as an officer or employee. If you are in the Deferred Retirement Option Plan (DROP) or eligible for an unreduced benefit, you are not eligible for disability benefits. Disability benefits are not reduced for early retirement.

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 have at least 5 years of actual service and at least 18 of the 24 months of service immediately preceding occurrence of disability.

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.
Q. **Is there an appeal if I don’t meet the 18 of the 24 months of service immediately preceding occurrence of disability requirement?**

A. Any former member who is or was approved for disability by the Social Security Administration but whose onset date does not meet the provision that requires credited service for eighteen (18) of the twenty-four (24) months immediately preceding the disability, may be retired by the Board upon written application to the Board providing that the onset date determined by the Social Security Administration is within twenty-four (24) months of the date of termination from covered employment.

Q. **Can I begin receiving reduced benefits pending approval of disability?**

A. Yes. If you are within ten (10) years of your normal retirement age (for most members that is at least 55 years of age) you may receive reduced benefits pending approval of your disability. If approved for disability, your full benefits will be paid retroactive to the effective date.

Q. **Can I return to work for an APERS covered employer?**

A. No.

Q. **Can I return to work and continue receiving APERS disability benefits?**

A. You can’t return to work for an APERS covered employer without jeopardizing your disability benefit. However, you can return to work for a private employer providing you do not exceed the Social Security monthly limitation.

Q. **Who should I contact if I plan to return to employment?**

A. If you are planning to return to work, please contact the Benefits Unit prior to making your decision.

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

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**RETIRING FROM THE PENSION PLAN**

Many issues should be considered as you approach retirement. What retirement income should you expect? Do you qualify for normal retirement and, if not, should you consider early retirement? What about the Deferred Retirement Option Plan? What about the Partial Annuity Withdrawal Plan? Once you decide what you want to do, how and when do you apply?

**Benefit Estimates**

Q. **Is there a compulsory age at which I must retire?**

A. No.

Q. **How would I get a benefit estimate?**

A. If you are within one year of retirement and/or participation in the Deferred Retirement Option Plan (DROP), provide the Counseling staff with a written request that includes your name, Social Security number, mailing address, and effective date.

We must have an effective date in order to provide you with an estimate. This estimate in no way obligates you to retire on that date. This information is confidential and is not provided to anyone but you.

Q. **How can I get benefit information for more than a year prior to retirement?**

A. Retirement Counselors prepare benefit estimates if you are within one year of retirement and/or participation in the Deferred Retirement Option Plan (DROP). You may access the Benefit Calculator on our web page at www.apers.org and perform any number of “what-if” scenarios.

**Termination**

You must terminate employment to be eligible to receive monthly benefits. You are considered terminated only after you end all employment relationships with all APERS covered employers for 180 days (effective July 1, 2009). Returning to an APERS covered employer prior to 180 days...
RETIRED BENEFIT OPTIONS

At the time that you retire (i.e. normal, disability, etc.) or enter the Deferred Retirement Option Plan (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. In the event of your death, your spouse and/or your beneficiary is not eligible to receive your temporary annuity if you were receiving one.

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 94% 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 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 $188.00 (94% 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 98% 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 $196.00 (98% 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 88% (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 $176.00 (88% x $200.00) for your lifetime – assuming that your beneficiary is the same age. However, if, for example, your beneficiary is six years younger than you, your monthly benefit would be decreased by 5% (1/2 x 1% x 10 years) and your monthly benefit would be 83% of $200.00 or $166.00. Upon your death, your beneficiary will receive for his/her lifetime 1/2 of your monthly benefit. Therefore, if you were receiving $176.00, your beneficiary would receive $88.00. If you were receiving $182.00, your beneficiary would receive $91.00. And, if you were receiving $166.00, your beneficiary would receive $83.00.

   b) **Option B-75:** 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, 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 7/10 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 $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 4.2% (7/10 x 1% x 6 years) and your monthly benefit would be 87.2% of $200.00 or $174.40. However, if, for example, your beneficiary is 10 years younger than you, your monthly benefit would be decreased by 7% (7/10 x 1% x 10 years) and your monthly benefit would be 76% of $200.00 or $152.00. 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 $166.00, your beneficiary would receive $125.00. And, if you were receiving $174.00, your beneficiary would receive $131.00. And, if you were receiving $152.00, your beneficiary would receive $114.00.

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.
Proof of Age

When you apply for retirement, you must furnish proof of your age. If you choose benefit Option B-50 or B-75, you must also furnish proof of age for your spouse/beneficiary as well as a copy of your marriage license. APERS must receive the required proof of age before you begin receiving benefits.

We will accept a readable copy of one of the following documents:

1. Birth certificate issued at date of birth.
2. Birth certificate issued at any date before age 5 when certified by the appropriate administering agency.
3. Baptismal or other church records issued before age 5.
5. Social Security document other than application for Social Security number that states age or date of birth recognized by SSA.
6. A valid United States passport.

If you can’t furnish any documents listed above, a readable copy of a document from two of the following categories will be required:

1. Marriage license (must show age or date of birth).
2. Insurance policy issued at least 10 years prior to current date.
3. Records from family Bible.
7. Birth certificate issued at date when person was older than age 5 when certified by the appropriate administering agency.

Limitation of Benefits

State and federal laws limit the amount of your annual benefit. Under the Arkansas Public Employees Retirement System (APERS), your initial retirement benefit may not exceed 100 percent of your final average compensation. However, this restriction does not apply to supplemental retirement benefits like deferred compensation or to pension increases resulting from cost-of-living adjustments, nor does it apply to benefits accruing under the DROP.

Q. If I am a member of the contributory plan, is it possible for me to receive more money in retirement from APERS than I did in employment?
A. No. Benefits paid shall not exceed the limitations of Section 415 of the Internal Revenue Code.

Retirement Benefit Payments

Q. How are payments made for benefits?
A. All benefit payments are made monthly by the Retirement System. All new retirees will be required to receive their benefit payment deposited electronically directly into their bank account (direct deposit ensures that your benefit will not be late because of delays in mail delivery, or due to a lost or stolen warrant).

Q. What do I need to do to have my benefit payment deposited electronically directly into my bank account?
A. The Direct Deposit Form is included as part of the Retirement Application packet. This form should be completed by you and your financial institution and returned to APERS for processing. If you are already receiving a benefit, contact the Communications 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. If the first day of the month falls on the weekend or a holiday, your payment will be made on the next working day. All benefit payments represent payment in advance for the month in which received.

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. Will you send me a report of retirement benefits received?
A. Yes. Each year we mail to you a Form 1099-R, 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).

DEFERRED RETIREMENT OPTION PLAN (DROP)

The Deferred Retirement Option Plan (DROP), is a plan which allows you to retire and begin accumulating a percentage of your retirement benefits, without terminating employment, for up to 84 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).

Act 38 of 2011, effective February 16, 2011, states that anyone who enrolls in the DROP on or after March 1, 2011, once the member retires and ends DROP participation, he or she may not return to work for any state authorized retirement plan.

Q. Who is eligible to participate?
A. Any member of APERS who has at least 28 years actual service. Service in a reciprocal system can be counted.

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

Q. How is my DROP benefit computed?
A. The DROP benefit amount with at least 30 years of actual service is currently 75% of your benefit amount (i.e. straight life, A-60 Option, etc.). If you have at least 28 but less than 30 years of actual service, your contribution percentage is 75% less ½ of 1% for each month that you are away from 30 years of service.

Q. How much interest will I earn?
A. The APERS Board of Trustees reviews the current interest rate every February for any recommended changes to become effective July 1st. The Board may adjust the rate of interest if it deems it necessary to maintain actuarial appropriateness. 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. What is the deadline for applying for the DROP?
A. The DROP application must be completed in its entirety and submitted to this Office no later than the last working day of the second month prior to the effective participation date. DROP applications are accepted as early as three months prior to the effective date of participation.

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. You may also take part of the amount in a lump sum and roll the remainder over into a qualified retirement plan(s).

Q. What are the taxes on the lump-sum payment?
A. Twenty percent (20%) is withheld for federal taxes and five percent (5%) for state taxes.

Q. What are the requirements to leave the DROP and begin my retirement benefits?
A. You must terminate covered employment within seven years of the effective date of participation in the DROP. A participant who does not terminate covered employment within seven years of the effective date of participation shall forfeit the balance in the DROP account. There is no minimum participation time frame.
PARTIAL ANNUITY WITHDRAWAL (PAW)

The Partial Annuity Withdrawal is a retirement option that allows a member who works beyond the date he or she was eligible for an unreduced benefit to take a lump sum distribution of up to 60 months of his or her retirement benefit. The monthly lifetime annuity is reduced by an actuarial factor tied to the age of the retiree at retirement.

Q. Who is eligible to participate in the PAW?
A. Any active member of APERS who works beyond the date that he or she would have been eligible for an unreduced benefit and who hasn’t participated in the Deferred Retirement Option Plan (DROP).

Q. Can I use reciprocal service in another System to be eligible for PAW?
A. Yes. Only the actual service in APERS after the date you became eligible for an unreduced benefit will be used in the calculation of your PAW.

Q. Can I participate in the DROP and the PAW?
A. No.

Q. Are fractional months included in the calculation of the PAW?
A. No; only whole months are used in the calculation of the PAW.

Q. How is my PAW benefit computed?
A. Based on your computed monthly benefit, you are eligible to receive from one to sixty months of your benefit in a lump sum. The number of months that you are eligible is based on the number of months you have worked past the date you became eligible for an unreduced benefit.

Q. When do I elect to participate in the PAW?
A. The choice is made at the time you complete your retirement application. Specific forms to participate in the PAW are included in the retirement packet.

Q. How is the PAW amount paid when I retire?
A. Your PAW payment can be paid to you in a lump sum or rolled over into an IRA. You may also take a partial lump sum and roll the remainder over into an IRA.

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. 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. The deceased DROP participant’s benefits may or may not be recalculated, depending on the Benefit Option chosen when the member entered the DROP. Annuities will be paid to eligible survivors and/or designated beneficiaries.

Q. Can I change jobs and remain in the DROP?
A. A participant who changes APERS-covered employment within the seven year period may continue to participate in the DROP provided there is no break or interruption in service. The participant must notify APERS in advance of any changes of employment.

Q. How much service must I have to receive the monthly DROP amount?
A. An employee must work or be paid the equivalent of 80 hours each month. The exception being the public school employees, who must work at least ½ of the hours required for their position.

Q. What happens if I am called to active duty while participating in the DROP?
A. The member should contact APERS in writing regarding their own specific circumstances. Generally, the member should provide APERS with a copy of his/her Orders at the onset of active duty as well as at the end of their tour of duty. The employer will continue to report the DROP participant on the monthly DROP Report and the member will continue to accrue their monthly amount up to the maximum allowed time frame.

Q. Can I access my DROP information online?
A. You can access your DROP information online by going to our website (www.apers.org) and choosing DROP Access from the navigation links found on the home page.
Q. What forms must be completed for the PAW to be distributed to me?
A. In addition to the retirement application, the member must complete the PAW Election Form and the applicable PAW Distribution forms. The PAW Election Form indicates the number of months you want paid to you. The PAW Distribution Forms indicate how you want your payment made (i.e. lump sum payable to you, rolled over into an IRA, etc.).

Q. When will I receive my PAW payment?
A. As indicated in the retirement application packet, your PAW payment will be paid to you and/or your designated financial institution approximately three (3) months after the effective date of your retirement. All of your earnings and service must be reported to APERS and verified before the PAW payment can be issued.

Q. What about the taxes on the lump-sum payment?
A. Unless told otherwise, APERS withholds twenty percent (20%) for federal taxes and five percent (5%) for state taxes.

Q. What happens if I die before I review my PAW payment?
A. The deceased member’s PAW lump sum may or may not be recalculated, depending on the Benefit Option chosen when the member chose to receive a PAW. Any annuity and PAW distribution to be paid will be made to eligible survivors and/or designated beneficiaries.


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AFTER RETIREMENT

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Cost-of Living Increases

Retirees (including participants of the Deferred Retirement Option Plan (DROP)) receive an annual 3 percent cost-of-living increase in their retirement benefit on July 1 of each year once they have been retired or participated in the DROP for twelve months.

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.

Reemployment After Retirement

After retiring from APERS, a retiree can work for any private employer, for any public employer or for any employer in another state, without affecting his or her APERS benefits.

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. It depends on your retirement status. If you enrolled in the DROP on or after March 1, 2011, once you retire and end your DROP participation, you cannot ever return to work in a position covered by a state authorized retirement plan.

Members who never participated in the DROP may return to work for a public employer in Arkansas, after 180 days of their effective retirement date; but they can’t again become a member of APERS and receive service credit to further increase their retirement benefit.

Act 774 of 2011, effective March 30, 2011, extended the termination period required for retirement purposes for individuals who receive at least two-for-one service credit under APERS to one year.

NOTE: 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.

Reemployment of Disability Retirees

An Arkansas Public Employees Retirement System (APERS) member who retires on disability can’t return to work for an APERS covered employer. However, they can return to work for a private employer as long as they do not exceed the monthly Social Security limit for gainful employment.
Change of Address

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 can be downloaded from the APERS website (www.apers.org), filled out and returned to our agency. Or we can mail one 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.

Death of Retiree

Q. Upon the death of a retirant, what action is taken?
A. Your family should contact the Benefits 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.

Q. What benefits would be payable?
A. See “Retired Member” on Page 24.

GENERAL INFORMATION

Appeals Procedure

If APERS makes any decision that will reduce, suspend or terminate your retirement benefits, you may petition APERS for a hearing. After APERS reviews your petition, the Executive Director may ask a hearing officer to conduct the hearing. If the outcome of the hearing is not in your favor, you will be informed of the time period during which you can appeal the hearing officer’s decision to the Executive Director and/or the APERS Board of Trustees.

Assignment, Execution, or Attachment

Your retirement benefits and accumulated contributions (if any) accrued under the Arkansas Public Employees Retirement System (APERS) are not subject to assignment, execution, attachment, or any other legal process with the exception of qualified domestic relations orders, certain income deduction orders, and federal income tax levies.

RETIREMENT CHECKLIST

For APERS members, retirement is a combination of: 1) Arkansas Public Employees Retirement benefits, 2) Social Security Benefits, 3) individual savings and investments and, 4) returning to work. It is the combination of these resources, 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 (Learning and Investing For an Energetic and Productive Life while Accumulating a Nestegg) 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
- Retirement Transitions
- Life Issues
- Investment Basics

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

Please remember that retirement is ultimately 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 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, 124 West Capitol, Suite 400, Little Rock, AR 72201, 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.

REFERENCE SOURCES

Arkansas Retirement Systems on the web

www.apers.org Arkansas Public Employees Retirement System (APERS) (501) 682-7800 or 1-800-682-7377

www.atrs.org Arkansas Teacher Retirement System (ATRS) (501) 682-1517 or 1-800-666-2877

www.lopfi-prb.com Arkansas Local Police & Fire Retirement System (LOPFI) (501) 682-1745 or 1-866-859-1745

www.iris.gov Internal Revenue Service

Retirement Planning on the Web

www.americasaves.org America Saves campaign managed by the Consumer Federation of America and supported by the Bank of America Foundation.

www.asec.org American Savings Education Council’s one-page worksheet to develop a ballpark estimate of what people need to save for retirement.


Federal Agencies

www.ssa.gov/retire2/calculators.htm Social Security Administration helps members estimate future retirement benefits, ranging from a rough calculation to a detailed estimate.
GLOSSARY

Actual Service – Service credited at the rate of one (1) month for each month of service.

Actuary – A qualified actuary with experience in retirement plan financing. Membership in the American Academy of Actuaries shall be sufficient for a person to be deemed a qualified actuary.

Age - Age on last birthday.

Annuity – An annual benefit payable from funds of the Arkansas Public Employees Retirement System throughout the life of a person. All annuities shall be paid in equal monthly installments.

APERS – Arkansas Public Employees Retirement System.

Beneficiary – Any person except a retirant who is receiving or is designated by a member to receive a plan benefit.

Benefit Options – Alternatives enabling an APERS member to name a beneficiary to receive a monthly benefit upon the member’s death.

Board - The Board of Trustees of the Arkansas Public Employees Retirement System.

Compensation - The recurring remuneration paid a member by public employers for personal services rendered by a member in a position covered by an employer participating in the Arkansas Public Employees Retirement System.

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

A new contributory plan enacted for APERS by Act 2084 of 2005. The new plan requires all new members hired on or after July 1, 2005, to contribute 5% of their pre-taxed earnings to the System.
Credited Service – The sum of the prior service and current service to the extent credited a member by the board, in accordance with the provisions of § 24-4-521.

Current Service – Service rendered to a public employer by a member from and after the date he or she became a member.

Death-In-Service – Death of an active member who works in a covered position whose survivor(s) qualify for an annuity, or the death of a deferred vested member who dies before receiving a monthly 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 - All officers and employees of any office, agency, board, commission, including the Department of Higher Education, or department of a public employer whose compensations were or are payable from funds appropriated by the public employer and all otherwise eligible employees whose compensations were or are payable in whole or part from federal funds, as well as the official court reporters and stenographers of the circuit and chancery courts of the state and all of the prosecuting attorneys of the judicial districts of Arkansas. In addition, effective July 1, 1983, the term “employees” shall include those persons who are eligible for benefits from the Teachers Insurance and Annuity Association but who are otherwise eligible for participation in the Arkansas Public Employees Retirement System due to employment with a public employer.

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

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

Final Average Compensation – The average of the highest annual compensation paid a member during any period of three (3) years of credited service with a public employer.

Final Average Salary - See Final Average Compensation.

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, a college or university employee, or another non-state employee during the period between July 1, 1957 and the time that his/her employer became a participant in the System.

Local Units of Government - Those entities participating in the Arkansas Public Employees Retirement System under the provisions of § 24-4-746.

Member – Any person who is included in the active membership of the Arkansas Public Employees Retirement System.

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

PAW - Partial Annuity Withdrawal.

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.
**Refund** – Return of employee contributions and interest 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.

**Retirement** - A member’s withdrawal from the service of a public employer, with an annuity payable from funds of the Arkansas Public Employees Retirement System.

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

**System** – Arkansas Public Employees Retirement System.

**Terminate** - As defined by Act 40 of 2011, terminate, as it applies to eligibility for retirement under APERS, means: (A) The member’s employment has ended; (B) A complete severance of the employer-employee relationship has occurred; and (C) The member has ceased performing any services for the employer, except for non-compensated functions related to the transfer of the duties or the transfer of the position itself.

If the member is an elected public official, terminate means: (A) The member has resigned, been removed, or otherwise no longer holds the elected position; (B) A complete severance from the elected position has occurred, and (C) The member has ceased performing any services in his or her elected position, except for non-compensated functions related to the transfer of duties or the transfer of the position itself.

Terminate does not mean taking a leave of absence, performing job duties or services without remuneration, or receiving or accruing additional employment related compensation, reimbursements, benefits or other emoluments.

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

**Warrant** - A voucher authorizing payment or receipt of money. For retirees and beneficiaries without direct deposit accounts, benefit payments in the form of warrants are mailed on the last working day of each month.
**Benefit Estimate Request**

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

Arkansas Public Employees Retirement System  
Attn: Member Services  
124 West Capitol, Suite 400  
Little Rock, AR 72201-1015

Social Security No: ________________________________

Member's Name: ____________________________________________

Street Address: ___________________________________________

____________________________________  __________________  _____________  
City  
State  
Zip

Telephone Number: ________________________________

Date of Birth: ________________________________

Spouse's Name: ____________________________________________

Spouse's Date of Birth: ________________________________

Your Current Employer: ________________________________

Last Day of Employment: ________________________________

and/or Last Expected Day to Work: ________________________________

Effective Date of Retirement: ________________________________

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

Do you have service in another State Retirement System?  
Yes  No

(Examples include: Teacher Retirement, Local Police & Fire, Highway Department, TWA CREF, VA)

If yes, list the Retirement System(s): __________________________________________

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

- DROP (must have at least 20 years of service)  
- PAW (must be 65 or have 25 years of service)  
- Disability Retirement  
- Military Purchase (Active Duty or National Guard)  
- Repay Termination Refund  
- Other (Please Specify)  

Member's Signature: ___________________________  Date: ___________________________

NOTES