

# APERS *perspective*

RETIRED MEMBERS

SUMMER 2021

## Working Together To Strengthen The System

Over the last two years, we have had a unique opportunity to communicate with our members. Eleven townhall meetings were organized and held by the Legislative Retirement Committee at various locations around the state. These meetings were attended by over 2,000 individuals who are members of Arkansas public retirement systems.

Through this townhall process, we were able to share information about the system with our members, and we were able to hear the concerns, ideas, and suggestions from our members and retirees regarding potential changes to benefits and contribution rates.



*APERS Board of Trustees meeting via ZOOM.*

discussed. In addition, leaders of several stakeholder groups were invited to appear in front of the Board to provide input and feedback directly.

The result of this process was a package made up of three proposed changes that was presented to the Legislature. Each of these proposed changes were discussed and passed by the Legislature with overwhelming support from both the House and Senate. The result will be a gradual impact in the short term which will help strengthen the system over the long-term.

*We shared information about the system with our members, and we heard their concerns, ideas, and suggestions.*

The three proposed changes were

- 1) Increase the member contribution rate beginning July 1, 2022, for all active contributory members**

When members make contributions to APERS, they are helping to fund the benefit that they will receive in

*(Continued on page 2)*



*The townhall meetings had great member turnout.*

Following the townhall meetings, the APERS Board of Trustees began the process of working with our actuarial consultant to take an in-depth look at the financial status of the system and various scenarios for the future. The Board did this through a series of special and regular board meetings held in early 2020.

Because the meetings were held via Zoom, a record number of members were able join in from around the state to watch the Board as potential changes were

# Avoiding The Burden of Overpayments

When someone passes away, the family often has a lot of things to deal with. Because we pay monthly benefits to retirees for their lifetime, and in many cases post retirement death benefits as well, APERS is one of those things.

Post-retirement death benefits are based on the option that retirees choose when they apply for retirement. Most retirees choose the Straight Life option which provides them with the maximum monthly benefit possible during their lifetime. However, that option does not provide continuing benefits to a beneficiary, so monthly benefits end when those retirees die.

If you have chosen the Straight Life option, it is important that your family members understand this. We rely on them notifying us when a member passes so that we can stop monthly benefit payments. If we

are not notified, we may make ineligible monthly benefit payments which result in overpayments.

APERS has a financial and legal responsibility to prevent losses to the plan, so if ineligible payments are made we are obligated to pursue recovery of those overpayments. You can help prevent the burden of overpayments for your family by making them aware if you do have Straight life benefits that will end upon your passing. Keeping your new Annual Payee Statement in your records is a good way for them to have details about your benefit and know who to contact when that time comes.

*You can help prevent the burden of overpayments for your family by making them informed.*

*(Continued from page 1)*

retirement. Going forward, each of our active contributory members will see an incremental increase in the amount they are contributing toward their retirement. This change was designed to be phased-in over time.

| Date         | Percentage |
|--------------|------------|
| July 1, 2022 | 5.25%      |
| July 1, 2023 | 5.50%      |
| July 1, 2024 | 5.75%      |
| July 1, 2025 | 6.00%      |
| July 1, 2026 | 6.25%      |
| July 1, 2027 | 6.50%      |
| July 1, 2028 | 6.75%      |
| July 1, 2029 | 7.00%      |

## 2) Utilize a 5-year Final Average Compensation (FAC) calculation at retirement, for new hires.

The second change is to the calculation of the Final Average Compensation for members who are first hired on or after July 1, 2022. With this change, the system will calculate a 5-year FAC for those members when they eventually retire.

## 3) Provide a COLA at retirement based on the lower of 3% or the increase in CPI, for new hires.

The final change is to how the cost-of-living-allowance (COLA) will be calculated for members who are first hired on or after July 1, 2022, once they are in retirement. Under this new law, the annual COLA for these members will be based on the lower of 3% or the increase in CPI.

In conclusion, our members can take pride in the fact that they provided feedback through the decision making process, including at the statewide townhall meetings. This illustrates the importance of communication and outreach on the part of APERS, and the importance of your feedback as a member throughout the course of each and every year.

Going forward, we encourage members to continue actively participating in these discussions with APERS. There are many ways to do so, including: following our Board of Trustees meetings via Zoom, participating in future townhall meetings, and by connecting with us on Facebook and Twitter.

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# Introducing Your Annual Payee Statement

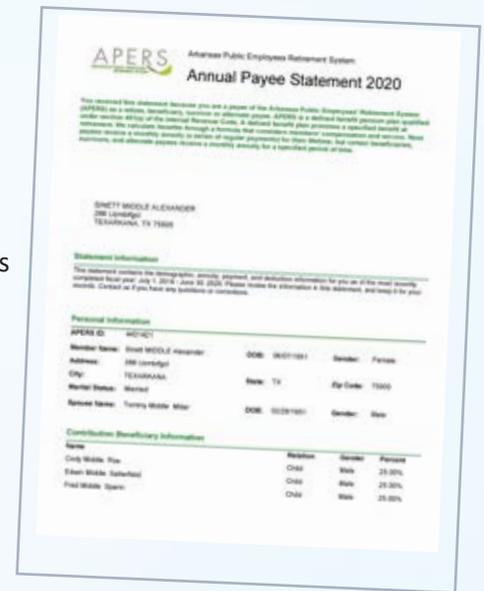
APERS wishes all our members a happy summer! We are all looking forward to a safe and enjoyable season in the great state of Arkansas. One of the things we are most excited about is the recent premier of the Annual Payee Statement for everyone who receives a monthly benefit from us.

While this does not replace the Explanation of Benefits (EOB) statement you get from us every month, this is an important document. It tells you what option you chose upon retirement along with basic demographic, annuity, payment, and deduction information in our records so that you can review it and retain it in your records. We recommend you keep it with your other important personal documents so you or your family will know where to find it.

*While this does not replace the Explanation of Benefits (EOB) statement you get from us every month, this is an important document.*

It's also a good way to ensure the information we have about you is up to date in our records. If you see something you don't agree with or know to be incorrect, please contact us so we can make corrections.

Remember, you made important decisions when you applied for benefits, whether last year or 10 years ago. As time passes, many payees forget or lose track of those decisions over the years and even decades of their retirement. With the Annual Payee Statement, you have that information and much more to make it easy to keep you and your family informed.



You should expect the statement in June of each year, and it will provide you with your upcoming July 1 payment amount including the COLA.

If you do not receive a statement or need a replacement copy you can go to our Member Self Service portal (MSS) to download and print one. Note that using the Member Self-Service portal does require setting up an account. If you need help getting a new copy, please give us a call and we will be happy to help.

## No Changes to COLA for Current Retirees

Each July 1, we must redetermine the amount of each monthly benefit that we have paid for at least twelve months. We then pay the redetermined amount for the next twelve months. Most retirees recognize this redetermined amount as their Cost of Living Adjustment (COLA).

During the past legislative session, Act 366 of 2021 changes the COLA determination method for people who are first hired by a participating employer **on or after July 1, 2022**. This law does not affect the COLA for existing retirees. Your benefit will continue to increase by three percent (3%) each July if you have been paid for at least twelve months.

You can review your July 1 amount on the new Annual Payee Statement or your monthly Explanation of Benefits (EOB) which are both available in the Member Self-Service (MSS) portal.

## Update Your Contact Information in the MSS Portal or by Phone

Retirees are required to participate in the electronic direct deposit program for their monthly benefits, so your regular and most important connection with us is automatic. Although automation is normally beneficial, in some cases it can cause us to lose touch. When we send correspondence to retirees, it is common for the postal service to return the mail because retirees are no longer at that address or the forwarding order has expired.

Occasionally, we must contact you to request information, give important benefit updates, and provide tax forms. We need to have current contact information for you, which includes your address and telephone number. The next time you move or change your telephone number, remember to inform us. You can update your contact information at any time in the Member Self-Service (MSS) portal, or you can contact a Call Center representative at (800) 682-7377 to provide your updated contact information.



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**DIRECT DEPOSIT DATES 2021**

|                         |
|-------------------------|
| Monday, August 2        |
| Wednesday, September 1  |
| Friday, October 1       |
| Monday, November 1      |
| Wednesday, December 1   |
| Monday, January 3, 2022 |