

IMPORTANT - READ THIS FIRST

Due to multiple legislative changes to APERS' policies since the publication of this handbook in 2009, this document is outdated and contains some inaccurate information.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. This by no means covers all the changes now in effect.

Page 15: After an employee's contributions have been in the System for five years, interest is earned at the rate of 2% per year.

Page 16: 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 22: Service earned with a municipality or municipal agency that is not a member of APERS cannot be purchased.

Page 24: Surviving Spouse – must have been married to you for at least six months preceding your death.

Page 32: 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.

Pages 35 - 37: DROP participants may now remain in the DROP for up to 10 years (120 months) before being required to exit and terminate employment.

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.

Arkansas
Public Employees
Retirement System

**APERS
Member
Handbook**

2009

Arkansas Public Employees Retirement System
124 West Capitol, Suite 400
Little Rock, AR 72201-1015
www.apers.org

www.apers.org

Non-Contributory

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 58 for definitions of words or terms you may not understand.*

DISCLAIMER

As much as possible, this brochure has been written in non-technical terms, avoiding the formal language of the retirement laws and rules. If questions of interpretation arise as a result of the attempt to make the retirement provisions easy to understand, Chapters 2, 4, and parts of 7 of the Arkansas Code must remain the final authority. The information provided in this handbook is based on the Arkansas Retirement System laws and rules currently in existence and is subject to modification based on changes in the law or the Arkansas Administrative Code.

Representatives from participating agencies are not agents of the Arkansas Public Employees Retirement System (APERS). APERS is not responsible for erroneous information provided by representatives of participating agencies.

PLAN INFORMATION

Name of Plan	The Arkansas Public Employees Retirement System (APERS).
Type of Plan	The Arkansas Public Employees Retirement System is a defined benefit plan, qualified under Section 401(a) of the Internal Revenue Code, with defined contribution options.
Administration And Service of Legal Process	The APERS Board of Trustees through the Executive Director administers the Arkansas Public Employees Retirement System. Legal process may be served on: Gail H. Stone, Executive Director Arkansas Public Employees Retirement System 124 West Capitol, Suite 400 Little Rock, AR 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	The Arkansas Public Employees Retirement System is contributory for all members hired on or after July 1, 2005. Prior to July 1, 2005, only participating employers contributed to the System. Monies received are invested by the System to pay current and future benefits to members and beneficiaries.
Plan Year	The plan year is July 1 through June 30.
Employment Rights Not Implied	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

TABLE OF CONTENTS

	Page
Introduction	
Letter From The Executive Director	6
Directions	8
APERS Board of Trustees	9
A Brief History	10
Membership	12
Costs and Investments	13
Contributions	14
Beneficiary Designation	15
Vesting	17
Free and Purchasable Service	18
Eligibility For Benefits	22
Death-in-Service Benefits	24
Disability Benefits	26
Retiring From The Pension Plan	28
Retirement Benefit Options	29
Deferred Retirement Option Plan (DROP)	35
Partial Annuity Withdrawal (PAW)	37
After Retirement	39
General Information	41

TABLE OF CONTENTS

	Page
How To Calculate Monthly Benefits	43
Calculate your Final Average Salary (FAS)	45
Non-Contributory Service	
Example Of An Unreduced Benefit	46
Worksheet For Calculating An Unreduced Benefit (Using Your Own Figures)	47
Contributory Service	
Example Of An Unreduced Benefit	48
Worksheet For Calculating An Unreduced Benefit (Using Your Own Figures)	49
Other Calculations	
Reduced Benefit	50
Temporary Benefit	50
Disability Benefit	50
Request For Benefit Estimate Form	51
Retirement Checklist	53
A Reminder	54
Reference Sources	55
APERS Website	57
Glossary	58



2009

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 through the APERSpective newsletter and the APERS website.
- 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.

Between January 1, 1978 and June 30, 2005 retirement benefits were provided at no employee cost to non-contributory members of the System. All members employed on or after July 1, 2005 are required to be contributory and contribute 5% of their salary into the System.

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 55.*

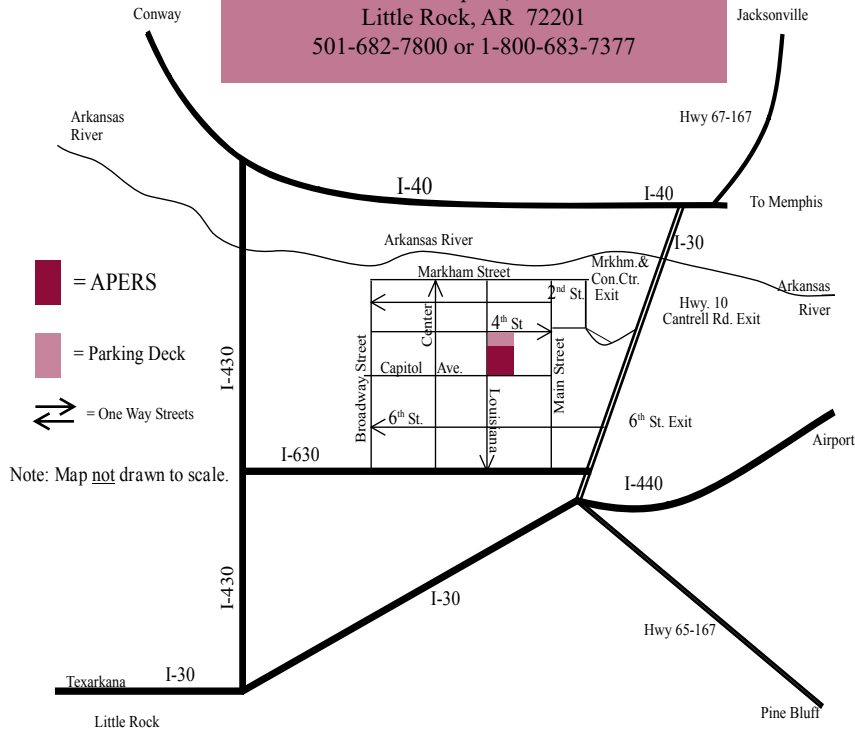
Should you have specific questions or need additional information, please respond to us in writing at the address found at the front of this booklet. If you plan to visit, a map showing the location is on Page 8.

Sincerely,

Gail H. Stone
Executive Director

Map to the APERS Office

Arkansas Public Employees Retirement System
124 West Capitol, Suite 400
Little Rock, AR 72201
501-682-7800 or 1-800-683-7377



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.

BOARD OF TRUSTEES

Mr. Artee Williams, Chair
State Employee Representative

Mr. Maurice Henry, Vice-Chair
School Employee Representative

The Honorable Martha Shoffner
Ex-Officio, State Treasurer

The Honorable Jim Wood
Ex-Officio, State Auditor

Mr. Richard Weiss
Ex-Officio, Department of Finance and Administration

Ms. Ouida Wright
State Employee Representative

Mr. Bill Gaddy
State Employee Representative

Mr. Mike Jacobs
County Employee Representative

Mr. Don Zimmerman
Municipal Employee Representative

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.

Act 1200 of 2009 stated that for each year of service over 28 years rendered on or after July 1, 2009, a member's multiplier will be increased 0.5% for calculating the member's annuity. Thus, the non-contributory multiplier for full years of service beyond 28 years that occur after July 1, 2009 will be calculated at an increased multiplier

of 2.22%.

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 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.

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 for an appointment. We are located at 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 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.

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

Prior to July 1, 2005, the Arkansas Public Employees Retirement System was a non-contributory system. In other words, your employer paid all the retirement contributions necessary for you to earn service credit toward a future retirement benefit. No money was deducted from your salary to pay for your retirement.

Employee contributions were not required between January 1, 1978 and June 30, 2005, for members hired during this period of time. If you worked in a covered position before Jan. 1, 1978, you made retirement contributions, which are on deposit in your name unless you left your job and received a refund of your contributions.

Your employer pays retirement contributions equal to a certain percentage of your salary each month. While these rates are subject to change by the APERS Board of Trustees, the retirement contribution rates paid by your employer on your behalf is 11.00% for the 2009-2010 Fiscal Year (the employer contribution rate increases to 12.46% for the 2010-11 Fiscal Year) for state, municipal, county and non-state employees.

Refund of Contributions

You may have paid employee contributions if:

1. You were a member of APERS on or before January 1, 1978,
2. You purchased service in the System, or
3. You opted for contributory coverage in 2005 or Jan. 1, 2010.

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 personal 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 not refundable. You will retain all service credit funded solely by employer-paid contributions.

Q. What happens to the money the member contributes?

A. All contributions are invested in compliance with the Prudent Investor Rule.

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.

BENEFICIARY DESIGNATION

At the time of enrollment, you *can* designate a beneficiary to receive your accumulated contributions in the event of your death before retirement by completing a Designation of Beneficiary Form. You will, of course, have contributions to pass on to your beneficiary if you are, or were ever, under the contributory plan.

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 three 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; or 3) you opted to be contributory in 2005 or 2009. Under such circumstances, it is possible for you to have employee contributions.

Before You Retire

If you have contributions in the System, in the event of your death before retirement, you may name as beneficiary any person. You may state that your beneficiaries share jointly or sequentially. If you did not name a beneficiary or if your beneficiary has died, any benefits due upon your death will be paid according to state law.

You may change your beneficiary at any time. This is important to remember if your beneficiary dies, your marital status changes, or you have additional children.

Q. Are there restrictions 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 24-25.

- 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, or on the website at www.apers.org.

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 your 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 29-32).

- Q. For B-50 or B-75 Options only, is there any restriction regarding the person or persons I may name as beneficiary?**
A. Yes. It must be your spouse, or your dependent who is at least 40 years of age.

- 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 24-25.

- 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.

Before July 1, 1997, members of the Arkansas Public Employees Retirement System vested after completing ten (10) 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.

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, work at least 80 hours per month and have at least three (3) months service credit.

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.

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 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.

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. 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.

This refund is not to be confused with a non-contributory refund which does not have to be repaid and in which no service was forfeited.

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.

3. National Guard and Armed Forces Reserves Service -

You may purchase up to five (5) years of National Guard or Armed Forces Reserves service if you:

- a) Have five years of service;
- b) Furnish proof of service or proof of honorable discharge from the Guard or Reserves;
- c) A current or former member of APERS.

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 pages 21-22).

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 for 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 pages 21-22).

- 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, 1957 when the System began, you are eligible for free service credit for years of service rendered before July 1, 1957. Years of service between July 1, 1957 and January 1, 1963 may be purchased but are not free service credit years. (See "Interim Service" on pages 21-22).

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.

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.

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 service, and (6) Federal service. Please contact our office for 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

Your unreduced retirement date is the date you are first eligible to receive an unreduced retirement benefit based on your age or years of service.

Q. When am I eligible for an unreduced retirement benefit?

- A. 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 (hired before July 1, 1997). 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).

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) (this applies only to members with contributory service BEFORE January 1, 1978); 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 61.

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 service, the retirement multiplier used to calculate service credit beyond 28 years will be increased by 0.5%.

Reduced Retirement

If you are vested but have not yet reached your unreduced retirement date, you may elect to take reduced retirement.

Q. When am I eligible for a reduced benefit?

- A. At age 55 with at least 5 years of service, or at any age with at least 25 years of actual 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 early that you retire prior to age 65.

However, you may not retire more than 10 years prior to your normal retirement age. To see information on calculating a Reduced Benefit see page 50.

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. 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.
- 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 uninterrupted as 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.

Q. If I am a deferred vested member not receiving benefits and die, are my survivors eligible for a benefit?

A. As a result of Act 356 of 2001, anyone that dies on or after July 1, 2001, 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/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 or eligible dependent 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 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 retirement coverage

for 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.

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 participating in the Deferred Retirement Option Plan (DROP).

However, 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 will void your retirement. Act 657 of 2009 mandated an extension of the period of separation from employment for retirement from 30 days to 180 days. Effective July 1, 2009, any member returning to covered employment before the 181st day will forfeit all benefits paid to them.

Effective Retirement Date

Your effective retirement date is always the first day of the month your retirement begins. If we receive your application forms before you terminate employment or within 30 days of the effective date of retirement, your effective retirement date will be the first day of the month following your termination.

Application For Benefits

You must apply for retirement benefits before you can begin receiving benefit payments. To apply, request and complete the necessary forms in the Retirement Application Packet. These forms are available from the System Office by request and can be downloaded at www.apers.org.

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 may be received in the office of the Arkansas Public Employees Retirement System during the months of March or April but no later than May 1st. You alone are responsible for ensuring that the necessary papers get to the Retirement System.

RETIREMENT 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 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 older than you, your monthly benefit would be **increased** by 3% (1/2 x 1% x 6 years) and your monthly benefit would be 91% of \$200.00 or \$182.00. However, if, for example, your beneficiary is 10 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.

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 “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 your beneficiary under A-120 or A-60 dies, you may change your beneficiary from the person designated.

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.

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.
4. U. S. Census Report issued 1920 or before.
5. Social Security document other than application for Social Security number that states age or date of birth recognized by SSA.

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.
4. Military discharge.
5. Child's birth certificate.
6. Application for Social Security number.
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 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.

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 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).*

DEFERRED RETIREMENT OPTION PLAN (DROP)

The Deferred Retirement Option Plan (DROP), is a plan which allows you to continue working 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 and make application to receive your regular benefit. 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. 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 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. 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 another qualified retirement plan, like 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 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. **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. 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 covered employment ~~within the seven 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.

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 Account Access from the navigation links found on the home page.

PARTIAL ANNUITY WITHDRAWAL (PAW)

The Partial Annuity Withdrawal is a retirement option that allows a member who works beyond the date s/he was eligible for an unreduced benefit to take a lump sum distribution of up to 60 months of his/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 another qualified retirement plan, like an IRA. You may also take a partial lump sum and roll the remainder over into a qualified retirement plan.
- 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 receive my PAW payment?**
 A. The original PAW payment already includes an adjustment for any beneficiary option chosen when the member decided to receive a Partial Annuity Withdrawal. Any annuity and PAW distribution to be paid will be made to eligible survivors and/or designated beneficiaries.

AFTER RETIREMENT

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. Yes, but you cannot again become a member of APERS and receive service credit to further increase your retirement benefit. Furthermore, you cannot return to a participating APERS employer within 180 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.

Reemployment of Disability Retirants

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 are available on the APERS website at www.apers.org. Or 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 can use such documentation to 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 pages 25-26.

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.

HOW TO CALCULATE MONTHLY BENEFITS

All benefits calculations are based on at least 3 factors:

- 1.) Years of Service
- 2.) Multipliers
- 3.) Final Average Salary (FAS).

FAS X Multiplier X Credited Service

Final Average Salary is the 3 highest fiscal years earnings (not necessarily the last 3 years that you worked) divided by 3.

Example of a FAS calculation:

$ \begin{array}{r} \$28,000 \\ \$30,000 \\ + \underline{\$32,000} \\ \$90,000 \\ \\ \$30,000 \\ \hline 3 \overline{) \$90,000} \end{array} $	<p style="font-size: 2em; margin: 0;">}</p> <p style="margin: 0;"><i>Add three (3) highest fiscal years' earnings</i></p> <p style="margin: 0;"><i>Divide by 3 to get Final Average Salary</i></p>
---	---

This page intentionally left blank.

Credited Service is how much time you have as a member of the retirement system.

Multipliers are percentages based on when the service occurred. Different systems (Contributory\Non-Contributory) as well as specific time periods have different multipliers.

Time of Service	Contributory	Non-Contributory
Thru 6/30/01	2.11%	
7/01/01 on	2.07%	
1/1/78 - 6/30/07		1.75%
7/01/07 on		1.72%

Note: Service accrued after July 1, 2009 that exceeds 28 years of service will be calculated using a higher multiplier.

Examples and Information

The following pages provide examples of how to calculate retirement benefits for Non-Contributory service including how to figure your Final Average Salary.

Examples are also given on how to calculate retirement benefits with service prior to 1/1/1978 (Contributory service). If you do have service in both the Contributory and Non-Contributory system, figure our your benefit for your time in each system and add the two figures together.

Calculating potential retirement benefits can be complex as both the Contributory and Non-Contributory system have various multipliers used. A table of multipliers for both Contributory and Non-Contributory Service is provided on the previous page.

You can find information about how a Reduced Benefit, a Temporay benefit and a Disability benefit would be calculated on page 50.

If you have access to the internet we encourage you to use the APERS online benefit calculator that can be found at WWW.APERS.ORG.

Also, if you are within 1 year of your anticipated retirement date, you can contact APERS in writing and request a benefit estimate be generated for you, or use the Benefit Estimate Request found on Page 51. Please remember to include your social security number on any estimate request.

Non-Contributory Service

Service after January 1, 1978

Example Of An Unreduced Benefit Page 46

Worksheet For Calculating An Unreduced Benefit Page 47

Contributory Service

Service prior to January 1, 1978

Example Of An Unreduced Benefit Page 48

Worksheet For Calculating An Unreduced Benefit Page 49

Additional Calculations

Reduced Benefit Calculation Page 50

Temporary Benefit Calculation Page 50

Disability Benefit Calculation Page 50

Calculate Your Final Average Salary

For the following worksheets you will need to know your Final Average Salary (FAS).

Use the worksheet below to calculate your own Final Average Salary:

<i>Calculate your own Final Average Salary (using your own figures):</i>	
$\begin{array}{r} \$ \underline{\hspace{2cm}} \\ + \$ \underline{\hspace{2cm}} \\ = \$ \underline{\hspace{2cm}} \end{array}$	1. List and then add your three (3) highest fiscal years' earnings
$\begin{array}{r} \$ \underline{\hspace{2cm}} \\ 3 \overline{) \$ \underline{\hspace{2cm}}} \end{array}$	2. Divide the total of all three fiscal years' earnings by 3 to get Final Average Salary

NON-CONTRIBUTORY - Example
Example Of An Unreduced Benefit

Wanda Worker retires at age 65 with 28 actual years of credited service as an administrative assistant with the Department of Finance and Administration. Twenty-five (25) years of service are through June 30, 2007 and three (3) years of service are after June 30, 2007. Wanda figured her FAS to be \$30,000.

Below is an example of how her monthly benefits are computed under the Non-Contributory plan.

$ \begin{array}{r} \$30,000 \text{ (FAS) Multiply FAS by 1.75\%} \\ \times .0175 \text{ (1.75\% Multiplier for service thru 6/30/2007)} \\ \hline \$ 525 \text{ (Subtotal) Multiply by Number of Service Years} \\ \times 25 \text{ Number of Service Years through 6/30/2007} \\ \hline = \$ 13,125 \text{ Annual Non-Contributory Benefit through 6/30/2007} \end{array} $
$ \begin{array}{r} \$30,000 \text{ (FAS) Multiply FAS by 1.72\%} \\ \times .0172 \text{ (1.72\% Multiplier for service after 6/30/2007)} \\ \hline \$ 516 \text{ (Subtotal) Multiply by Number of Service Years} \\ \times 3 \text{ Number of Service Years after 6/30/2007} \\ \hline = \$ 1,548 \text{ Annual Non-Contributory Benefit after 6/30/2007} \end{array} $
<p>Add both Benefits together to get Total Non-Contributory Benefit</p> $ \begin{array}{r} \$13,125 \text{ Annual Non-Contributory Benefit through 6/30/2007} \\ + \$ 1,548 \text{ Annual Non-Contributory Benefit after 6/30/2007} \\ \hline = \$ 14,673 \text{ Total Annual Non-Contributory Benefit} \end{array} $
<p>Divide Annual Non-Contributory Benefit by 12 to get Monthly Benefit</p> $ \begin{array}{r} \$ 1,222.75 \text{ Monthly Non-Contributory Benefit} \\ 12 \overline{) \$14,673} \text{ Total Annual Non-Contributory Benefit} \end{array} $

In this example all of Wanda's time was in the Non-Contributory system. If Wanda would have had time prior to 1/1/1978 she would have to figure the benefit for that time separately then add the two benefits together to get her Monthly Benefit. (See page 49).

NON-CONTRIBUTORY - Worksheet
Worksheet For Calculating An Unreduced Benefit
(Using Your Own Figures)

Under the **Non-Contributory** provisions, you may retire with an **unreduced benefit** at:

- (a) age 65 with at least 5 years of service; or
 - (b) any age after at least 28 **actual** years' service; or
 - (c) at least 55 years of age with 35 **credited** years of service.
- See "Eligibility for Benefits," pages 22-23.

$ \begin{array}{r} \text{_____ (FAS) Multiply FAS by 1.75\%} \\ \times .0175 \text{ (1.75 \% Multiplier for service thru 6/30/2007)} \\ \hline \$ \text{_____ (Subtotal) Multiply by Number of Service Years} \\ \times \text{_____ Number of Service Years through 6/30/2007} \\ \hline = \$ \text{_____ Annual Non-Contributory Benefit through 6/30/2007} \end{array} $
$ \begin{array}{r} \text{_____ (FAS) Multiply FAS by 1.72\%} \\ \times .0172 \text{ (1.72\% Multiplier for service after 6/30/2007)} \\ \hline \$ \text{_____ (Subtotal) Multiply by Number of Service Years} \\ \times \text{_____ Number of Service Years after 6/30/2007} \\ \hline = \$ \text{_____ Annual Non-Contributory Benefit after 6/30/2007} \end{array} $
<p>Add both Benefits together to get Total Non-Contributory Benefit</p> $ \begin{array}{r} \text{_____ Annual Non-Contributory Benefit through 6/30/2007} \\ + \text{_____ Annual Non-Contributory Benefit after 6/30/2007} \\ \hline = \text{_____ Total Annual Non-Contributory Benefit} \end{array} $
<p>Divide Annual Non-Contributory Benefit by 12 to get Monthly Benefit</p> $ \begin{array}{r} \text{_____ Monthly Non-Contributory Benefit} \\ 12 \overline{) \text{_____}} \text{ Total Annual Non-Contributory Benefit} \end{array} $

CONTRIBUTORY - Unreduced Example

If you have service in the system prior to 1/1/78, this service falls under the Contributory System and needs to be calculated based on the Contributory multipliers for that time. The calculations are the same as a Non-Contributory benefit, but the multipliers used are different.

$ \begin{array}{l} \$30,000 \text{ (FAS) Multiply FAS by 2.11\%} \\ \times .0211 \text{ (2.11\% Multiplier for service thru 6/30/2001)} \\ \hline \$ 633 \text{ (Subtotal) Multiply by Number of Service Years} \\ \times \underline{2} \text{ Number of Service Years through 6/30/2001} \\ = \$ 1,266 \text{ Annual Contributory Benefit through 6/30/2001} \end{array} $
$ \begin{array}{l} \$30,000 \text{ (FAS) Multiply FAS by 2.07\%} \\ \times .0207 \text{ (2.07\% Multiplier for service after 6/30/2001)} \\ \hline \$ 621 \text{ (Subtotal) Multiply by Number of Service Years} \\ \times \underline{0} \text{ Number of Service Years after 6/30/2001} \\ = \$ 0 \text{ Annual Contributory Benefit after 6/30/2001} \end{array} $
<p>Add both Contributory Benefits to get Total Contributory Benefit</p> $ \begin{array}{l} \$ 1,266 \text{ Annual Contributory Benefit through 6/30/2001} \\ + \$ \underline{0} \text{ Annual Contributory Benefit after 6/30/2001} \\ = \$ 1,266 \text{ Total Annual Contributory Benefit} \end{array} $
<p>Divide Annual Contributory Benefit by 12 to get Monthly Benefit</p> $ \begin{array}{l} \$ 105.50 \text{ Monthly Contributory Benefit} \\ 12 \overline{) \$ 1,266} \text{ Annual Contributory Benefit} \end{array} $

In most cases where a member has Contributory service to factor, that time is prior to 1/1/1978 (when the Non-Contributory system came into effect).

We have included the additional multipliers as there are some members who may have stayed in the Contributory system after 1/1/1978, terminated and returned to work as Non-Contributory Members after 6/30/2001.

CONTRIBUTORY\NON-CONTRIBUTORY - Worksheet

Figure your Monthly Non-Contributory Benefit (Page 47)
 Figure your Monthly Contributory Benefit (See below)
 Add the 2 figures together to get your Total Monthly Benefit.

$ \begin{array}{l} \$30,000 \text{ (FAS) Multiply FAS by 2.11\%} \\ \times .0211 \text{ (2.11\% Multiplier for service thru 6/30/2001)} \\ \hline \text{_____ (Subtotal) Multiply by Number of Service Years} \\ \times \text{_____ Number of Service Years through 6/30/2001} \\ = \text{_____ Annual Contributory Benefit through 6/30/2001} \end{array} $
$ \begin{array}{l} \$30,000 \text{ (FAS) Multiply FAS by 2.07\%} \\ \times .0207 \text{ (2.07\% Multiplier for service after 6/30/2001)} \\ \hline \text{_____ (Subtotal) Multiply by Number of Service Years} \\ \times \text{_____ Number of Service Years after 6/30/2001} \\ = \text{_____ Annual Contributory Benefit after 6/30/2001} \end{array} $
<p>Add both Contributory Benefits to get Total Contributory Benefit</p> $ \begin{array}{l} \text{_____ Annual Contributory Benefit through 6/30/2001} \\ + \text{_____ Annual Contributory Benefit after 6/30/2001} \\ = \text{_____ Total Annual Contributory Benefit} \end{array} $
<p>Divide Annual Contributory Benefit by 12 to get Monthly Benefit</p> $ \begin{array}{l} \text{_____ Monthly Contributory Benefit} \\ 12 \overline{) \text{_____}} \text{ Annual Contributory Benefit} \end{array} $

<p>Add Non-Contributory Monthly Benefit and Contributory Monthly Benefit to get your Total Monthly Benefit</p> $ \begin{array}{l} \text{_____ Non-Contributory Monthly Benefit} \\ + \text{_____ Contributory Monthly Benefit} \\ = \text{_____ Total Monthly Benefit} \end{array} $
--

ADDITIONAL CALCULATIONS

Reduced Benefit Calculations - Under 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. In order to determine your Reduced Benefit, figure your normal monthly benefit then multiply that amount by the appropriate reduction.

Reduced Benefit = Unreduced Benefit X Reduction

Figuring the Reduction:

If you are retiring with less than 25 years of service, you need to be at least 55 years of age.

The reduction is ½ of 1% for each month before age 65.

If you are retiring with at least 25 but more than 28 years of service, there is no minimum age requirement to retire, and the reduction is **the lessor** of:

- 1.) 1/2 of 1% from 65 years of age, or
- 2.) 1% for each month from 28 years of service (12% per year).

Temporary Annuity - 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 annual temporary amount is .33% of FAS.

Annual Temporary Annuity = FAS X .33

Monthly Temporary Annuity = Annual Temporary Annuity divided by 12.

The temporary benefit is not reduced for early retirement.

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.

Note: If you are within 1 year of your anticipated retirement date, you may request APERS to prepare a Benefit Estimate for you by using the Benefit Estimate Request form found on the next page.

Benefit Estimate Request

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

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

Social Security No _____

Member's Name _____

Mailing Address _____

_____ City _____ State _____ Zip _____

Telephone Number _____

Date of Birth _____

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 _____

Spouse's Name _____ (N/A if not currently married)

Spouse's Date of Birth _____

Do you have service in another State Retirement System? _____ Yes _____ No
(Examples include: Teacher Retirement, Local Police & Fire, Highway Department, TIAA-CREF, Valic)
If yes, list the Retirement System(s) _____

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

_____ DROP (must have at least 28 years of service)

_____ PAW (must be 65 or have 28 years of service)

_____ Disability Retirement

_____ Military Purchase (Active Duty or National Guard)

_____ Repay Termination Refund

_____ Other (Please Specify) _____

Member's Signature _____ Date _____

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?

This page intentionally left blank.

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**estegg) 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 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. Applications may be requested by phone, by letter, or in a personal visit. 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, 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) If you have not written previously, and do not plan to schedule an appointment with a counselor, 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
- Arkansas Highway and Transportation Department Employees Retirement System
(501) 569-2412 or 1-800-422-9833

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.
- www.dol.gov/pwba/PDF/SummitFinalReport.pdf
Department of Labor's 2002 Saver Summit, final report, "Saving for a Lifetime: Advancing Generational Prosperity".
- www.fpanet.org/plannersearch/brochures.cfm
Financial Planning Association brochure, "Planning for the Stages of Retirement," also available by calling (800) 647-6340.

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.
- www.irs.gov
Internal Revenue Service

APERS also recommends members access retirement planning books, which may be obtained from local libraries, or purchased from local bookstores or from online websites such as Amazon.com. A few recommended planning guides are noted below:

***The Planning Companion*, R.N. Garnitz, LifeSpan Services Inc., 112 pages.**

This book assesses planning for the third stage of life by exploring retirement financial planning, second career options and how to deal with the dual issues of aging parents and adult children.

Ernst & Young's *Retirement Planning Guide*, Special Tax Edition, William J. Arnone, et al., John Wiley & Sons Inc.

This guide highlights the key financial and personal issues you need to consider during your pre-retirement and retirement years. Worksheets, tips and action items serve as resources in helping you or your plan participants plan for a financially secure future.

J. K. Lasser's *Your Winning Retirement Plan*, Henry K. Hebel, John Wiley & Sons Inc.

This guide helps the reader forecast how much he or she needs to save for retirement and decide how much the reader should be spending once he or she does retire. Key concepts covered include beating reverse dollar-cost averaging, modern feedback theory and solutions to various retirement scenarios.

APERS WEBSITE

The website of the Arkansas Public Employees Retirement System (**www.apers.org**) has an abundant amount of information for active members, retirees, and employers. Below are examples of some of the information that can be found:

- ♦ Member publications such as the APERSpective newsletters, the latest Member Handbook, and other information such as the APERS Financial Report for the last fiscal year.
- ♦ Important news of interest to members and retirees, such as new retirement legislation passed by the Arkansas General Assembly.
- ♦ Retirement seminar schedules and registration forms.
- ♦ Frequently Asked Questions - and answers - from the various departments and units of APERS.
- ♦ Forms for active members such as Change of Name, Change of Address, Designation of Beneficiary, Change of Beneficiary, DROP Application Forms, DROP Distribution Forms, tax information notices, and a Retirement Application.
- ♦ Forms for retirees such as Change of Address, Change of Name, Designation of Beneficiary, Change of Beneficiary, Direct Deposit Authorization and Change Forms, State Tax Withholding Forms, W-4P Withholding Certificates for Pension or Annuity Payments, and Lost Warrant Forms and Instructions.
- ♦ Assistance information for employers, and copies of employer forms such as the Membership Data Form, Remittance Forms, and Wage Verification Forms.

The APERS website is being updated to expand and improve the range of topics available for users. You may visit our website at:

www.apers.org

GLOSSARY

Active Member - A member currently on the payroll of an APERS participating employer or employers and being reported by that agency(ies) on the monthly retirement reports with salary, contributions (if applicable) and service credit.

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. The Contributory option was reopened July 1 through Dec. 31, 2009, to allow non-contributory members to elect Contributory coverage effective January 2010.

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.

Employer Normal Cost - The employer percentage rate used to calculate service purchases. It is furnished by the actuarial firm that services APERS each year following the annual valuation. The rate may or may not correspond to the employer rate for “regular” reported service. The current employer normal cost rate is 12.46% as of Jan. 1, 2010.

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.

Reciprocity – 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.

Termination - All of your employment with an APERS-participating employer must end before you can begin receiving a retirement annuity. To be considered retired, you must terminate employment and you may not return to work in any capacity for an APERS-participating employer **for 180 days**. The verification form must be completed by your employer representatives indicating the date that your employment will end and verifying your final earnings and service. If you are an elected official, you and the local official responsible for certifying that the public office has or will be vacated, must also execute an affidavit.

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.

This page intentionally left blank.

NOTES